



JPRS Report

East Europe

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POLAND

Stefan Batory Foundation Founder Received

26000414c Warsaw TRYBUNA LUDU in Polish
10 May 88 p 2

[Text] On 9 May Deputy Premier Zdzislaw Sadowski welcomed an American citizen, George Soros, founder of the Stefan Batory Foundation.

The main task of the foundation is to support Polish cultural, scientific, and educational development. It is to support the activity of state institutions and social organizations.

Czeslaw Krolkowski, under secretary of state at the Ministry of National Education, participated in the meeting.

09853/06662

Krakow-Nuremberg Cooperation Continues

26000414f Warsaw RZECZPOSPOLITA in Polish
3 May 88 p 2

[Text] On 2 May Joseph Buecker, the director general of the Bundestag secretariat, ended his visit to Poland. On Monday he met with the deputy mayor of Krakow, Jan Nowak. Views on the subject of the progress thus far in cooperation between Krakow and Nuremberg were exchanged as were further plans in this regard. The West German side expressed interest in the development of these contacts, particularly in the expansion of cooperation in the field of tourism.

09853/06662

Polish-Soviet 1987 Agreement Praised, Cultural Ties Strengthened

26000277c Warsaw RZECZPOSPOLITA in Polish
19-20 Mar 88 p 2

[Excerpts from unattributed article: "Plenum Meeting of the TPPR Main Board—Development of Cooperation"]

[Excerpts] The importance of the Polish-Soviet Declaration of Cooperation in Ideology, Science and Culture, the anniversary of whose signing will occur in April of this year, was stressed. It was said that this important political document is the buckle on the belt of a long-term agreement for an uncommonly rich and innovative program of Polish-Soviet cooperation in all fields. On the one hand, the agreement consolidates the achievements of past decades while on the other, it outlines new horizons, offers new possibilities and encourages the creation of new and significant values in culture.

This is the background that offsets the important role of the TPPR [Polish-Soviet Friendship Society] which includes a large group of cultural figures, committed artists, writers, critics, popularizers and admirers of

Soviet culture. As the plenum resolution stated, this is an enormous organizational potential that must be put to evermore effective use to as extensively as possible create the proper conditions for cultural exchange between Poland and the USSR.

The organizational portion of the meeting was devoted to changes in which Jozef Bryl and Janusz Witak were named board secretaries and Boleslaw Chmielinski was named member of the secretariat.

12261

FRG Family-Court Judges Visit

26000420b Wroclaw TRYBUNA LUDU in Polish
7-8 May 88 p 5

[Article: "Family Court Judges From FRG in Poland"]

[Text] Petitioners in cases concerning alimony, divorce, and so on involving mutual claims run into great difficulties in legal matters between Poland and the FRG. The situation may change following a visit of an FRG judges delegation, headed by Siegfried Willutzki, chairman of the FRG's family court judges association.

The group of 20 judges had the opportunity to learn about major legislative solutions in the law on proceedings in cases involving minors and with the state of international turnover in family cases. They also had a chance to visit the corrections facility in Falenica and to meet with the leadership of the Institute of Research on Court Law and the Association of Family Court Judges.

The guests were received by Jozef Musiol, Deputy Minister of Justice. The talks focused on the possibilities for improving the situation in mutual negotiations, especially since both countries are members of what is called the New York Convention, which calls for such assistance.

10790

Contacts With FRG Evangelical Church

26000419i Warsaw TRYBUNA LUDU in Polish
20 May 88 p 2

[Unattributed article: "Meeting of Commission for Contacts Between the Polish Ecumenical Council and the Evangelical Church in Germany"]

[Text] The 21st meeting of the Commission for Contacts Between the Polish Ecumenical Council [PRE] and the Evangelical Church in Germany [EKD] has ended in Gizyck. The commission discussed problems associated with the activity of the Atonement Campaign, the functioning of the international youth meeting center in Oswiecim and the activity of the Polish "Sign of Hope" Foundation which offers assistance to victims of the concentration camps. Preparations were discussed for the conference, "The Church in both countries on the

eve of World War II" which will be held next year in Warsaw as part of the ceremonies honoring the 50th anniversary of the outbreak of World War II. The meeting was chaired by Bishop Hans Keler of the EKD and Bishop Janusz Narzynski, the head of the Augsburg-Evangelist Church in Poland.

12261

Bloc Conference on Youth Defense, Sports Training

26000419h Warsaw TRYBUNA LUDU in Polish
20 May 88 p 2

[Unattributed article: "Cooperation of Defense Organizations"]

[Text] The National Defense League was the organizer of a conference of journalists writing about defense and sports organizations in the socialist states which ended in Warsaw on 19 May. Representatives of Bulgaria, Czechoslovakia, Cuba, Mongolia, the German Democratic Republic, Hungary, Vietnam, the USSR and Poland participated.

The subject of the three-day conference was the substance, form and methods of cooperation between defense and sports organizations and youth organizations and schools in the area of patriotic and internationalist defense training.

General of Arms Tadeusz Tuczapski, chairman of the executive board of the National Defense League, took part in the conference.

12261

Bloc Journalists Study Coming Elections

26000419f Warsaw TRYBUNA LUDU in Polish
20 May 88 p 2

[Unattributed article: "Journalists' Visit"]

[Text] At the invitation of the Polish Press Association, a group of journalists representing press agencies of the socialist states including Bulgaria, Czechoslovakia, Cuba, Lithuania, the German Democratic Republic, Romania, Hungary, and the USSR visited Poland. The guests participated in an information program called "Poland Before the People's Council Elections" and met with the political and social aktiv of the Dalmor enterprise in Gdynia, the people's councils of Kruszwica and Rojewo in Bydgoszcz Voivodship, the Torun Voivodship People's Council, and the Torun Voivodship PRON Council.

The guests were received by Government Press Spokesman Jerzy Urban and the deputy director of the PZPR Central Committee Propaganda Department, Jan Bisztyga, as well as by the secretary of the National Elections Board, Bogdan Szczesniak, who informed

them about the principles of the new people's council election regulations and the political and social situation in Poland. The journalists were also received by the chairman of the Polish Press Agency, Bogdan Jachacz.

12261

Glemp Receives Council of State's Legatowicz

26000414d Warsaw TRYBUNA LUDU in Polish
10 May 88 p 2

[Text] On 9 May the Polish Primate, Jozef Cardinal Glemp, received Docent Aleksander Legatowicz, member of the People's State Council. During the meeting, problems of current interest to society were discussed.

09853/06662

Glemp Meets With Medical Society Group

26000414e Warsaw TRYBUNA LUDU in Polish
10 May 88 p 2

[Text] The Polish Primate, Jozef Cardinal Glemp, received on 9 May the leadership of the Polish Medical Society [PTL], a higher order service association grouping more than 30,000 physicians. The president of the society, Docent Jerzy Woy-Wojciechowski, and vice presidents Prof Ryszard Jacek Zochowski and Docent Witold Zatonski, as well as PTL secretary Dr Felicja Lapkiewicz, presented the most vital problems confronting the medical community and acquainted the Primate with the activity of the PTL, particularly that that serves medical ethics.

09853/06662

Sadowski Hosts Applied Systems Analysis Official

26000414h Warsaw TRYBUNA LUDU in Polish
10 May 88 p 2

[Text] Deputy Premier Zdzislaw Sadowski, chairman of the Council of Ministers Planning Commission, welcomed Dr Robert H. Pryega, director of the International Institute for Applied Systems Analysis (IIASA), who arrived in Poland to attend the international seminar entitled "Man—Society and Global Changes," organized by the PAN Institute for Systems Research. Prof Jan Kaczmarek, NOT president and IIASA member, participated in the meeting.

09853/06662

Rakowski at Kozenice Power Station

26000414a Warsaw TRYBUNA LUDU in Polish
10 May 88 p 2

[Text] On 9 May, Mieczyslaw F. Rakowski, Central Committee Politburo member and Sejm vice chairman, met with the work force of the "Kozenice" Power Plant in Swierze Gorne in Radom Province. He talked with the

workers at their work stations about the operation of the plant, about daily work activities, and about overcoming difficulties. Bogdan Wodnicki, a turbine assembly repairman and representative of the youngest generation of power engineers at "Kozienice," familiarized the guest with the conditions of a new worker starting out professionally. On the other hand, machinist Stanislaw Gozdyra; turbine action attendant, Andrzej Cholaj; and engineer Andrzej Wojciechowski expressed their opinions on the subject of the economic reform. They were of the opinion that greater resolve is needed in executing its principles by both the discretionary center as well as by the respective managements of enterprises.

Next, Mieczyslaw F. Rakowski met with the enterprise aktiv. In referring to the current socioeconomic situation, he answered numerous questions, among other things, pertaining to the management of mineral raw materials, demands of the economic reform, and the prospects of development of the power industry.

09853/06662

Rakowski Recounts Journalist, Political Experiences, Careers

26000417b Warsaw PRASA POLSKA in Polish
No 5, May 88 pp 2-10

[Interview with Mieczyslaw F. Rakowski, member of the Politburo of the PZPR Central Committee, Vice Speaker of the PRL [Polish People's Republic] Sejm, and winner of the Boleslaw Prus Prize, by Regina Dachowna: "To Change the World"]

[Text] [Question] You are the winner of the Boleslaw Prus Prize, awarded by the SD PRL [Journalists' Union, Polish People's Republic] for your journalistic accomplishments. This is the highest award to be given by journalists to journalists. You had received it last year. Were you glad to receive it?

[Answer] Of course, and even very much so.

[Question] Had you been expecting it?

[Answer] No, I did not, because after all I used to work as a journalist and was longtime editor of what in my opinion was not the worst newspaper in Poland. During all those years no one had thought of thus distinguishing me. I think that there was a reason.

Please, don't misunderstand me. Apparently in the past there had existed some contraindications preventing my thus being distinguished. For I don't think that any one had nominated me in the past and viewed me as an editor who could be awarded the "Prus," since it was the others who were thus distinguished. My dear lady, I was not born 2 years ago and I have been around. But that is in the past. What matters is that I was glad to receive this award, perhaps more so than any other award.

[Question] Michal Radgowski in his book "Polityka i czasy" [Politics and Times] stated that you are ambitious and that you have always wanted to become a politician.

[Answer] I was indeed ambitious, but my ambitions were linked to editing a good newspaper, as besides was due perhaps not so much to my interest in journalism as to fascination with the role of a man who could influence the shaping of reality. And this fascination, in its turn, ensued from my ideological choice, which I had made at one time. I am one of those who want to change the world. That is how I would define it. As for Michal's claim that I always wanted to be a politician, I do not know how to interpret it. The editor-in-chief of a political periodical has to be a politician.

[Question] Do you retain to this day this faith and the desire to change the world?

[Answer] Yes, to this day. Of course, all that time I have not been free of doubts about some or other matters, but these doubts stemmed from my belief that the only creative person is he who nurtures in himself a critical attitude toward reality, a belief I cherish even now. This is part of my personality, if beliefs, a philosophy of life, and attitude toward the world can define the human personality.

[Question] Already in the 1950s you were known worldwide as an editor. Foreign reporters hastened to you for information. They went to see the unusually well-informed editor-in-chief of POLITYKA.

[Answer] They did come, but somewhat later, in the 1960s. As POLITYKA grew, because that periodical did undoubtedly grow, I grew, too, or my standing in this country's political life grew. For various reasons my name became known in Europe and the United States. I emphasize, for various reasons, because it was not always up to me when someone suddenly became interested in my name. When in 1960 I was recalled from the post of editor-in-chief, that news had, of course, immediately spread throughout the world. LE MONDE and THE NEW YORK TIMES published reports on this subject, but by then that was not up to me. The unfolding of events caused me to become, as it were, a man to whom questions were addressed and from whom information was sought. Besides, I think that during that period and in the subsequent years, POLITYKA had developed a personality of its own, and the reporters arriving in Poland sought to see the editor-in-chief of POLITYKA in the belief that they could learn something more or hear something more original. Besides, as you know, I myself, owing to my travels around the world, am aware of how this happens. For example, when I was departing for the first time for the United States, I called old experts on American problems such as Marian Podkowinski and others, who gave me addresses of interesting people whom they knew and met with. Later, when

others were going to travel to the United States, they in their turn came to me with similar requests. This is a general rule among "international" reporters who are, so to speak, clannish.

[Question] Yes, that is true. I also followed this method before traveling to the FRG or West Berlin. I asked Julian Bartosz of Wroclaw and Jerzy Hernik of PAP for similar information.

[Answer] Throughout the world, journalists dealing with international problems—of course at a certain level—stick together; they are a worldwide confraternity, regardless of whether they are communists, liberals, or rightists. They know and help each other.

[Question] But we digress. I asked you about your political ambitions and you seem to have denied them.

[Answer] I did not deny them; I indicated their direction. I see that we have to return to this issue. A journalist is a politician, but of a particular kind, because when we speak of a politician, most often we think of someone holding a post in the administration or in a political party, rather than of an active journalist editing a periodical. He is on the public scene, formulates his concepts, is welcomed, received, voices his views.... Were you to ask Mr. X whether politics is an occupation, he would answer yes, because it is indeed. But as for journalists, while they are not regarded as politicians, they must also be politicians.

[Question] Does journalism serve the work of politicians?

[Answer] Yes, of course, yes.

[Question] In his aforementioned book Michal Radgowski states that Wladyslaw Gomulka was not keen about you but appreciated your role in creating a positive climate in the FRG to promote the efforts to sign a treaty for normalizing relations between Poland and the FRG. You were, so to speak, the first emissary.

[Answer] I was not the only one but I did help create and prepare the soil for such treaties, and in various ways at that, not only through my writings but through my personal contacts. At that time I traveled to the FRG, talked with Brandt, Wehner, Wischnewski, and Bahr; in a word, I acted as such a mediator. In the modern world politicians often use journalists. Why? If only because a reporter who, for example, talks with a politician abroad, can sometimes say more, being not expected to adhere to certain rules of the game which obligate politicians. Besides, a politician can be more frank toward a reporter-emissary. As for the relationship between W. Gomulka and myself, I am hardly aware how Michal knows that he was not keen about me. Besides, the term he used is not appropriate. A politician may, if the need arises, either distance himself from a journalist's claim or go even farther.

[Question] It is simply that the politician says later about the journalist that he was "unfortunately misinformed. That is not our affair."

[Answer] He can say that. Within the group to which I belong as a member of the Politburo of the PZPR Central Committee there may arise a situation in which, for example, a declaration I make will be corrected by the party leader. This may be accidental, but it also may be intended.

[Question] And the reasons for such corrections?

[Answer] Politics follows its own rules, a certain code of conduct.

[Question] Politics, when considered in general, is a kind of theater with ritual gestures, symbolic behavior, actors, and a stage which accommodates the cast of characters. Do you agree with this view?

[Answer] I agree, except that there exist various kinds of theater. It can be a very good theater.

[Question] Do you like theater?

[Answer] Very much so, especially good theater.

[Question] You are familiar with not only the stage but also the backstage of political theater. How does a person feel backstage when he has to exit offstage?

[Answer] Yes, I am familiar with the backstage too. It can be interesting.

[Question] I think, sometimes more interesting than the stage.

[Answer] But it is the stage that is decisive, to the play being staged. An actor who has a great time in the Green Room, enjoying the company of friends and fellow actors and exchanging views and witticisms, is alone once he appears on stage, even when in the company of the ensemble. He has to show what he can do.

[Question] My dear sir, let's be honest; it is backstage that the whole shebang is being prepared. The finished product appears on stage.

[Answer] Yes and no. Sometimes we repair that "finished product" after it is already on stage. No one can foresee all the circumstances.

[Question] Has journalism made you more stress-resistant? I am not asking without reason, and not only in connection with the backstage. While editor-in-chief, you were told by the leader, "I'm fed up with you." It seems that you were told this several times in various ways in the course of your career as a journalist and editor.

[Answer] Consider that journalism is a good school for politicians. It teaches keeping a certain detachment. It is no accident that the biography of many politicians includes work as journalists. Brandt, Churchill, Daszynski, Cyrankiewicz, Kreisky—many former journalists are politicians. Why? Because a reporter is continually on the stage [literally, "on the scene"], meeting with the audience. I, for example, feel that I was quite well prepared to exercise the duties of deputy prime minister for political affairs because for 20 years I had been journeying to meetings at book and press clubs and plants and factories, encountering thousands of people who variously reacted to my words. I sensed the sensitivity of the audiences.

I also have to my credit numerous international round-table conferences—in a word, my past as journalist helped me greatly in exercising—insofar as I can—the responsibilities imposed on me. You asked whether this occupation prepares one to become resistant to blows. Of course, yes. Does it help reduce stress? Yes, it does. After all, you yourself are a journalist and you know this yourself. You write an article and then wait for the response of friends and readers. You wait for the resonance. At times not a living soul notices what you wrote. Is not this training for warding off defeats in life? Yes. One has to become accustomed to that. During my career as a journalist I wrote hundreds of articles that were important to me, but no one had commented on them to me. At the same time, other articles, which seemed less important, elicited considerable interest. Thus, this is a profession that prepares one to withstand defeats.

[Question] First as a journalist and then as a politician you had witnessed twists and turns in the postwar history of our country. How did it happen that, while the leaders changed, you rode out "the wave crest"? Please note that my question is not meant as any veiled reproach.

[Answer] Yes, I don't consider this a reproach, but some people do. Here I should add that I am not the only one in Poland to have survived all the twists and turns. There is a diversity of opinions as to why Rakowski "rode out the wavecrest," just as there is diversity in the society. Some people believe that I am an opportunist and slipped like an eel through all these obstacles.

[Question] I am interested in your own view.

[Answer] Just a moment.... While others believe that Rakowski has shown himself to be capable in that he succeeded overcoming all these problems and probably is psychologically hardy. And my own view? You asked me an essentially very tough question, because I have to talk about myself.

[Question] Yes, unfortunately, it is necessary.

[Answer] It seems to me that all that time I tried to combine two things: remaining myself in face of various situations and at the same time trying to understand the causes of these situations. I'm prone to the historical view. My wife gets exasperated when I say that this or that was necessary or justified from the standpoint of history or historically speaking. Thus, I believe that these two aspects of my conduct were the principal reasons why I survived all the conflict situations and am where I am now. It seems to me—looking at from a certain perspective—that for many, many years my view of what is good and not good in our reality has been crystallized. When I leaf through passages from my articles written over the last 30 years, I perceive that I continually repeat myself, continually circle around one topic, for example, around the problem of reforms under socialism. Last year the Danish minister of foreign affairs came to Poland and absolutely wanted to meet me, which is not common, because a minister of state usually talks with his fellow ministers or is received by the prime minister. But he also wanted to talk with me.

I agreed, of course. He came here, to the Sejm, and we began to talk. I told him about our intentions, reformist concepts in Poland, our plans, etc. He listened calmly, without interrupting, looked at me, and, when I finished, he said, "You know, what you are saying is interesting, but 20 years ago you said exactly the same thing. I am a journalist by profession and, while you may not remember it, I had interviewed you 20 years ago. To remind you, I brought along a reprint of that interview." (Here Deputy Minister Rakowski reached for that reprint. The interview is illustrated with a photograph of the then editor-in-chief of POLITYKA. The reprint is framed.)

[Question] Were you surprised?

[Answer] Yes, I even felt foolish; I had not realized that my old interview substantiated my thesis, that I have been entertaining a crystallized and explicit view of certain matters for years. And during every change in leadership, at first I had reposed trust in both W. Gomulka and E. Gierek, because I thought that they would indeed accomplish what I was thinking or even dreaming of.

[Question] And then disappointment followed?

[Answer] Yes, it seems to me that this is a characteristic aspect of my biography. A time had come when I felt disappointed in W. Gomulka.

[Question] When?

[Answer] Already in the mid-1960s, or even earlier. Meaning that I had growing reservations. But this is not something one-dimensional. I took a very critical stand on Gomulka's policy in March 1968, but on the other hand I must admit that he did not permit "getting rid" of me, contrary to the admonitions of some people. As for Gierek, in the second half of the 1970s I already knew

where we were heading; among other reasons, because of a certain event. Since December 1970 we had been issuing a bulletin of letters. Following the Radom events we sent a copy of that bulletin to the First Secretary [Gierek] too. Do you remember those events?

[Question] Yes, in 1976. There were organized official sham rallies and manifestations against "sowers of dissension."

[Answer] In that bulletin I included several letters viewing the First Central Committee Secretary [Gierek] critically. That was in the fall of 1976. A friendly employee of the Office of the First Secretary, the unforgettable Jerzy Wojcik, later editor-in-chief of ZYCIE WARSZAWY, called me and said, "Mietek, come." I came, and he said, "Listen, I passed the bulletin on to the Chief...."

[Question] And the Chief was furious....

[Answer] Well, perhaps not, but certainly he was very dissatisfied. He supposedly said, "Why is that Mietek sending me such nonsense?" The last time I talked with Gierek was in April 1977. That is, at a certain moment I ceased to accept the policies of the authorities.

[Question] Yet you have never exercised sufficient influence to stop the wheel from rolling into the abyss. How sad.

[Answer] That is right. But here certain mechanisms which it would be worthwhile to consider on another occasion came into play. I must emphasize, however, that my position was very limited insofar as it concerned directly influencing the course of events in the 1960s and 1970s. I could exert some influence through my periodical, but of course only to a limited extent. The censors often deleted a great deal of material, especially in the second half of the 1970s. It should also be considered that in the 1960s and even in the 1970s I did not have the position within the party that I have now. I am not even speaking of the position of member of the Politburo of the PZPR Central Committee, although in the last few years the nature of this position has completely changed. General Jaruzelski placed his trust in me and provided a climate such that, by being deputy prime minister or now also vice speaker of the Sejm I can directly influence events. My influence may not be decisive, but it is co-decisive. Thus, it is only now, toward the end of my active political life—I am over 61 years old—that I can say that I am bearing much greater responsibility for the policy of the party and state than in the previous decades. If there is anything I regret now, it is that I am not younger.

[Question] You hardly look 60.

[Answer] But I am over the hill in this respect. I say so because, in the early 1980s I had been accused, mostly by various demagogues, of being responsible for what happened [the suppression of Solidarity, imposition of martial law], on the grounds that I was close to those events. I am one of those who declared at the February 1971 plenum, following the Gdansk events [the massacre of workers], that I too feel responsible for what happened, as a member of the ruling party, but there are differing degrees of responsibility, and there also are differing possibilities for influencing the course of events.

[Question] I shall never forget the year 1970. The families of those fallen in December 1970 traveled to Gdynia 10 years later in order to find out the circumstances and location of the deaths of their nearest and dearest—sons, brothers, fathers. Nearly all the dead were young people. Only later, from the questions asked by these families, I learned the truth about December 1970. I shall never forget it.

[Answer] This is understandable, but that does not mean praiseworthy, acceptable, or agreeable. That was a dramatic event in Poland's history, not the first of its kind besides. Of course, this is no justification but merely statement of the fact that such events do occur in the history of mankind.

[Question] After all, we live under a more just system of society....

[Answer] This has nothing in common with a more just system. Recently 32 persons died on the streets of cities in Azerbaijan. Did anyone want or imagine such an outcome? No! And yet such things happen. There exist domains of human activity that transcend all framework of control. Of course, conditions averting such dramas should be created, but it also happens that tragic events take place despite the best intentions of both parties. Of course, all this which I am saying will explain nothing to a mother who lost her son.

[Question] Because a life is always unique.

[Answer] Yes, because a life is always unique. Allow me to make a statement of a political nature. It is simply that I want to avoid being accused of cynicism or something of the kind. Whatever may be said about the circumstances that arose in Gdansk and elsewhere on the Coast in 1970, it is always the power holders who bear the main responsibility for the outbreak of the conflict. In present-day world it is not difficult to identify the politicians—or politicians—who takes a particular decision.

[Question] Where are we now? We are sadly reflecting that when we, journalists, at times witness great tragedies, we are incapable of preventing them or, properly speaking, doing anything about them.

[Answer] This saddening reflection concerns not only journalists. In 20 or 50 years another journalist who will sit down on your present chair will discuss these matters in a completely different way, because you personally had witnessed that encounter, heard those questions asked by parents....

How do we nowadays speak of, for example, the French Revolution? Calmly, dispassionately—and yet, thousands of innocent victims died during it. By now we speak differently of the events of the 1930s in the Soviet Union than their participants and witnesses. Such is the course of events. Let me use another example, that of war and peace. I am a pessimist, because I believe that wars are inevitable. The history of mankind consists of wars. Our generation, frightened by the unchained power of the atom, declares, no more war. And it cannot say otherwise, because it is aware of the meaning of the resort to atomic weapons. But on the other hand, there is no safeguard, no guarantor, that no one ever would resort to such weapons.

[Question] And there are many madmen.

[Answer] Besides, just consider, we keep saying, "No more war," but the world is continually shaken and tormented by wars, conflicts, flammable foci. It has been calculated that the total number of casualties during all the wars that took place worldwide after 1945 is greater than it was during World War II. Even so, people do not seem aware of this.

[Question] Because this does not concern us personally; it is happening someplace abroad.

[Answer] Yes, precisely. We live with this day by day, although people are dying daily, and in a cruel manner at that. I recently read that the Israelis buried Palestinian prisoners alive and are breaking their hands.... We are accustomed to death. Sure, we did protest, we did attend rallies against the war in Korea and in Vietnam. Of course, this mobilization of public opinion was a causative factor in ending both wars. But, let's admit it, our sleep was undisturbed.

[Question] It seems that we are digressing. You used to be editor-in-chief of a major periodical and you are a politician now. Could you tell me which role, which position, is more convenient?

[Answer] Some people believe that the most stupid thing I did in my life was to resign my editorship and switch from journalism to active politics.

[Question] Wouldn't you like to go back?

[Answer] No. Each of these jobs has its pluses and minuses.

[Question] It is inconvenient at times, is not it?

[Answer] Yes. Still the situation of a politician is often more inconvenient than that of an editor-in-chief, especially when the latter heads a periodical which is winning some authority and counts as a factor. Despite all the constraints on our profession, an editor-in-chief is incomparably freer than a politician. There is no doubt about it. But in his turn the politician can avail himself of other "perks." If he is situated at the very summit, he is much better informed than an editor-in-chief. If, of course, he wants to familiarize himself with a matter or a problem, he has the right to take decisions which—this should be borne in mind—affect the fate of millions of people.

[Question] So now, if an editor-in-chief disagrees with such decisions....

[Answer] He writes an article.

[Question] If a politician is against, the article will not behold daylight.

[Answer] This is a horse of another color—we are raising the issue of the ceaseless struggle for the victory of reason. But let us resume the previous train of thought. An editor-in-chief can take decisions only about his staff, whereas I can affix my signature—by saying I, I mean the collective [the party leadership], the group of individuals who shape the state's domestic and foreign policies—to a decision which will influence your life for the next couple of years.

[Question] And if the decision proves wrong, you do not bear any responsibility.

[Answer] Not true! I bear moral and physical responsibility. The times of absence of accountability are over.

[Question] Since when?

[Answer] How come, since when? This is a provoking question. I believe that the 1980s taught us that responsibility must be borne. And it is being borne.

[Question] Well, what responsibility will you bear for a mistaken decision?

[Answer] It depends on the nature of the decision, because they differ in importance. I wish to emphasize that the times of personal immunity in politics are over. A person who chooses the profession of politician must constantly bear in mind that he is vigilantly watched by public opinion, which has a very good memory, a surprisingly good memory.

[Question] It is rumored that you have publicly rejected the profession of journalist. You allegedly stated, "I'm no longer a journalist."

[Answer] Not true! It appears that Slawek Gornicki said so at one time. I admit to the journalistic profession. I could say that I am not eager to return to active journalism, because I am not, but that is quite another matter. I don't see how I can return to journalism, because I still have so much to write that I need at least 5 years to put in order my notes—for I am like a packrat about keeping records of everything—before I can sit down and start writing.

[Question] It is my understanding then that you did not reject journalism.

[Question] On the contrary. I am proud of having once been an active journalist. Now that we are again on the subject, let me tell you that I believe journalism to be an excellent school of life. Besides, I claim that we are the darlings of the gods, because we constitute a small segment of Polish society which is able to articulate its views. It may be that this or that street is being crossed by individuals who have much more to say than we do. But they shall never accomplish it, because they lack the tribune that journalists have. Hence, for example, the popularity of television and the envy felt, as it were, by many people when they view somebody saying something on the screen... because he is addressing millions.

[Question] Even when he talks nonsense.

[Answer] That also happens. The world does not consist solely of wise men, my dear lady.

[Question] By the way, let me quote to you a splendid passage from Michal Radgowski's book.

[Answer] I am familiar with many splendid quotations.

[Question] Now this one is as follows: "Rakowski's positions displays a contradiction which he could not overcome and which has to a greater or lesser extent manifested itself in all his writings. As a purebred journalist he wanted to speak on his own behalf, but he had to speak also on behalf of those whom he served. As a reasonable and honest politician he wanted to serve the society while at the same time being part of the authorities which enabled him to direct his newspaper and evaluated and judged him. When the authorities were closer to the society, Rakowski acted with energy and conviction, but when the gap widened, he became a tightrope walker. His situation can be likened to that of a man who is straddling two horses pulling in different directions. Just try to move forward under such circumstances."

[Answer] And so?

[Question] Your comment, please.

[Answer] Hmm! Of course, there always existed some contradiction, but, for God's sake, could anyone tell me what is so bad about this view of my role, my desire to speak on behalf of the society or to the society while at the same time remaining loyal to my leadership or to my party?

[Question] But I am not saying whether this is good or bad. I only asked....

[Answer] Are these horses pulling in different directions. Of course, yes. Is there any one to whom this does not happen? Probably only a person who does nothing except wiggling his big toe. The only needful thing is, however, to make sure that the horses do not pull apart completely.

[Question] You would have to perform a split, like in ballet.

[Answer] As for moving forward, after all neither the newspaper nor I stayed in place. More than once I have met people who declared proudly, "I was brought up on POLITYKA." Please, don't misunderstand me, but, for example, my article "A Good Expert, Though Nonparty," written 17 years ago, is still remembered by people. Some of my colleagues forget that journalism is a public profession, is not it?

[Question] Yes, it is.

[Answer] A journalist is—to use theater again as an example—continually on the scene, in view. As a result, he is subject to various conditions. This happens not only in this country but throughout the world. Recently I was in Belgium. A female television journalist was interviewing me there. She had been to Poland and upon returning, she gave us a sound verbal drubbing. In front of the TV camera she asked me unequivocally tendentious questions. I engaged in polemics with her. This continued, and a 3-minute interview stretched into a 15-minute one. A day later I learned that the interview would not be broadcast, because what I said agreed neither with her views on Poland nor with those of her superiors. Thus, those journalist horses strain in different directions throughout the world, because such is the nature of the profession. In our system of society journalism acts as a servant of the political leadership or of the party which publishes the newspaper, while in the West it is the servant of the owner or editor-in-chief of a newspaper supporting some party or grouping. The dependence exists in both East and West, but as a journalist I would prefer to depend on the party.

[Question] Mr. Speaker of the Sejm, but now you are a politician.

[Answer] But one who often and readily reaches for the pen.

[Question] But this does not mean that the problems of journalism have suddenly become alien to you. Will you support us in just causes when the need arises?

[Answer] Of course. I am not indifferent to what is happening in the journalistic community. Of course, now I am less conversant with it. My generation is departing, and the arriving new generation is, in my opinion, better-educated. I am unfamiliar with the moral values of this rising generation, but I observe it very attentively. I believe that the mass media in Poland have made tremendous strides so far as the manner of viewing the reality and the sharpness of illumination of certain matters are concerned. You will reply immediately that, for example, in Gorzow or some other town in Poland, in the so-called provinces, these strides are being hobbled and the situation is different from that in Warsaw. That is probably so, although I know of provincial dailies and weeklies which merit high praise. When I compare the present freedom of the press with that which had existed in the 1960s and 1970s, it is like the difference between heaven and earth.

[Question] I don't see it as sharply.

[Answer] But I do. I have a standard of comparison. I remember situations from the times when I used to be editor-in-chief. Whenever we published an article that was a little bold, we expected a phone call.

[Question] From the White House?

[Answer] Hah! We wondered how it would be judged. But now, chiefly thanks to General Jaruzelski, editors-in-chief are free of this fear. They no longer are apprehensive about receiving threatening and reviling telephone calls after publishing an article.

[Question] Please, you anticipated my reservations, but let me dwell on them. It is indeed true that in the provinces editors-in-chief (and not only they) are called on the carpet and continue to think, "Perhaps that article should not be published after all, so as not to rock the boat." And if they dare to publish an article revealing the intellectual and other deficiencies of local authorities, they lose their jobs. Instances of this kind do occur.

[Answer] But I don't claim at all that such practices are behind us. Arrogance and self-righteousness do not belong to the past.

[Question] Yes, arrogance, but whose?

[Answer] Of various people who are in power to a smaller or greater extent. Arrogance and conceit still persist. Considering that for 40 years our political formation had been operating and developing by treating the society as an instrument to be manipulated, it is hardly conceivable that this model could be changed

within a couple of year during the evolutionary—this being the nature of the changes occurring in our country—process. This is a generational matter.

[Question] Or even one that will last over several generations.

[Answer] Perhaps even that. But once again, relying on history, it can be said that this has always been so, that this is normal. But it bothers us contemporaries and is creating apprehensions among people. Consider that the average Pole does not, for example, meet daily with Gen Jaruzelski who questions him, listens attentively to him, is interested in public mood, etc. In daily life, people meet gmina and voivodship secretaries whose attitude toward them often justifies them in thinking that nothing has changed. What was, is. The local bosses still rule the roost, even though people at the top say that they will listen to the voice of the public. The lower-level administrators seem to be saying, "Keep your head down. It is what I say that ultimately counts." I even heard the expression, "voivodship socialism."

[Question] And there is no cure for this disease?

[Answer] The only cure is the democratization of social relations.

[Question] But these administrators will make no effort to bring it about.

[Answer] Sooner or later the administrators you refer to will lose out, because the democratization of our socio-political system is an historical necessity. Besides, consider the converse of this situation. How often people who perceive the existence of unhealthy relations, caciqueism, etc., remain passive and make no outcry even when they know that nothing will happen to them personally.

[Question] Because they are afraid. This would conclude our interview.

[Answer] But do they always have reason to be afraid? Well, let every one examine his conscience and answer to himself the question of how many times he lacked the courage to say NO even if not a hair on his head would be harmed.

[Question] And now let me ask what should I wish you in your capacity as a journalist—because to me you are above all the splendid editor-in-chief of a splendid periodical of the 1970s; in those times I, and not only I but my entire rising generation, had been a loyal reader of POLITYKA—in your capacity as a politician, and in your capacity as a human being? I wish you good health, of course. What else?

[Answer] Thanks for the lovely words. What else to wish me? Strong nerves.

[Question] But you are stress-resistant!

[Answer] Yes, but I always need a boost. Then also, wish me a well-intentioned response to what I think, do, and say. Because, you see, sometimes it is so difficult to understand a person's intentions. I am aware that in my present position I elicit various comments and emotions.... I get letters criticizing my conduct, but they are signed letters. So I sit down and reply them. I devote a great deal of time to my correspondence. But I also receive anonymous letters full of insults and epithets.... They make me mad, because I cannot write back to their senders and explain that what they think may not be true.

[Question] So then, I wish you good health, strong nerves, understanding, and the goodwill of others, this being probably the most scarce commodity in our society, and also a life without anonymous letters. And I thank you cordially for the interview.

1386

Editor on Causes of Recent Strikes; Notes Lack of Self-Management

26000375 Warsaw ZYCIE WARSZAWY in Polish
No 19, 8 May 88, p 2

[Article by Stanislaw Chelstowski, Editor in Chief, ZYCIE GOSPODARCZE: "A Lesson for Everyone"]

[Text] In recent days, all of us have with growing alarm tuned in our radios and televisions or opened a newspaper. Have the strikes, euphemistically referred to in the beginning as work stoppages, finally ended? Are bus drivers in Bydgoszcz and workers at the "Stalowa Wola" Steel Mills and Lenin Steel Mills returning to their jobs? Special concern must be felt by economists who not only know the value of the lost work time but also try to figure out just what went so wrong with the economy that the strikes took place.

It is not enough to blame them on price increases.

The price increases could not have been a surprise to anyone. They were announced a long time ago and the public was consulted in the national referendum. One might say that it is one thing when the public is consulted about some abstract economic principles and quite another when people begin to feel the pinch at the check-out counter and other places. Not only did prices increase but so did the contents of our pocketbooks. Various types of coverage, increases in living allowances and wages, accelerated payment of profit-sharing, etc. have all caused the public's income in the first quarter to rise faster than market prices. Of course, this comes from average national data but the situation may look quite different within certain professional groups or at certain places of employment.

Recently, official prices have gone up every year and if they have not risen as rapidly, one must also remember that nothing was done to alleviate their effects. Up to now, the price hikes have not caused any sharp public reaction. Just why is it that workers are now striking when most of the public knows that this is no way to resolve the shortcomings of our economy?

It is very hard to fully answer that question and nothing more can be said other than that the problem involves much more than just economics but also policy and social psychology. However, the social-psychological factors are so important that at least some of them must be considered.

The two most important factors in public thinking are last year's drop in real earnings and stagnation in personal consumption (which means that for many groups, consumption has actually dropped) and the worsening market conditions. The official view of these factors differs greatly from what the people think.

Real earnings have begun to be calculated without any allowance for the rise in the cost of alcohol and cigarettes. One might say that this is a means of controlling social pathology and addictions but dropping vodka and tobacco from our statistics does not in any way mean that people have stopped spending money on these items and that they do not play an important role in the household budgets of most families. Facts are not changed by merely changing the way we compile statistics.

The greatest problem on the market involves the ransom of the consultation process and that is the "cost" of democratization. Meanwhile, aside from the activation of "hot" money in the final months of last year and in January of this year, we are still seeing a drop in the supply of many industrial goods on the domestic market. In this situation, the price increases of February and March did not improve the market and were seen by many as a merely fiscal operation. Otherwise justifiable arguments about the need to improve price ratios in order to supposedly encourage thrift are not very convincing when, for example, payments for central heating are increased and the radiators in most Warsaw shops were hot on 2 May when the temperature outside was 24 degrees Celsius but no one served by the heating plants was able to shut off their heat.

The use of these examples could be called a form of demagoguery but that does not change the fact that this is just how much of society sees things and that these are the real conditions with which economists and political figures must deal. The public no longer has any faith in price increases as a means of balancing the market and liberating positive forces in our economy. The beginning of the second stage of economic reform has made many changes in regulations but it has not made any real and

positive improvements. Perhaps there was no way it could but it certainly did not have to have adverse effects on the market or on the production structure.

And this brings us to what I think is the key problem and that is changes in the economic structure. Strong and obvious changes have been made only in one branch of the economy where livestock herd sizes have been adapted to better fit the availability of fodder. Structural changes in industry have been only slight and the direction taken by those changes has not eliminated many critical disproportions. Therefore, those changes had to be alleviated with the aid of prices and under our conditions, this has led to a renewed imbalance and a high rate of inflation. Inflation was not in any way alleviated by the often-declared increase in supply that was supposed to lead to a rise in consumer goods production that would outstrip the increase in overall production.

These problems have often been discussed by journalists on the pages of this journal but so far, the results of all this discussion have been negligible. Many concrete proposals submitted to the economic planners and politicians were not accepted. This was above all true of proposals concerning the structure of investment funding and systems concepts aimed at making giving commerce a more "pro-market" orientation.

It is no simple matter to form an economic policy that would effectively bring about structural transformations. This is because it requires a change of the entire status quo as it has been for many years, a breakdown of the hierarchy of interests and changes in the actual structure of production property and in the social structure. Without such a change, reform cannot receive the support it needs from economic policy and as recent events have shown, social tension is made inevitable.

The other complicating element is the external factors of our balance of payments and the attitude of many western nations toward the changes taking place in our country. An opportunity for using more stable principles as a basis for our economic relations with developed capitalist countries as well as with certain international organizations has unfortunately been weakened by the recent strikes. The loss we have suffered from these strikes is already being felt and this will grow only worse in the future. The enormous efforts made to give foreign businessmen more faith in our economy, efforts above all expressed in an increase in exports over imports (which has been important in increasing our own consumption) may now have been totally wasted.

Our reform which is now in its seventh year has its own unique characteristics, many of which we seem to have forgotten at times. One of these is its emphasis on self-government. Self-government and self-management are an "inalienable" part of reform without which the

reform would be something else entirely that could not attract the commitment of different social forces. However, this is not something that everyone agrees about.

Reform was and is, if we can say so, something our economy needs and a prerequisite for its growth and fulfillment of society's expectations. This is not changed by the fact that reform was initiated as the result of public protest and that it still remains more the responsibility of the government than of economic entities. However, this has changed and only now can the public's expectations and demands change. Genuine self-government and responsibility must now take a greater role in reform.

It must be openly said that worker self-management was and is seen by much of the powers-that-be as a form of political retreat rather than as a lasting element of the model of socialist democracy. They also regard it as a hindrance to management and government rather than as the chief means of engaging workers in economic processes or as an important motive force for the socialization of the state.

This attitude is a key (but not the only) cause of why many factories today are given tasks that considerably exceed their financial abilities and why so many worker self-management organs "sit on the sidelines" and just make demands on the factory directors and government.

This continues to be a fight between the top and the bottom, one which is very hard to get onto a more "horizontal" field, despite the fact that the reform has at least formally created the basis for that. This is also a result of the fact that in the past, many attempts have been made to limit or exclude self-management from many decisions including those involving personnel promotions.

Even if these thoughts may seem to be too wide-ranging, they are still worth considering. This is where changes may be the least costly.

The economic reform has now run up against various obstacles such as official conservatism, the fear of hard-playing economic rules felt by those who wish to limit their own authority and responsibility, a poor understanding of economic laws that have been neglected for years and finally the material obstacles caused by imbalance. However, reform was and remains not only the hope for economic progress but also an important element in the process of political changes and in what we call socialist renewal.

Today, such an obstacle may also be created by public disenchantment if it is exploited by not only conservatives but also by those who want to see political strife with the government, regardless of whatever economic or social cost it entails.

However, is this really how it must be? No, if everyone both at the top and at the bottom draws the correct conclusions from what has happened. On the one hand, we must not so much concentrate not on talking about what we have done but more on changing and improving on what we have been unable to achieve and on finding new solutions. On the other hand, public dissatisfaction must avoid taking a destructive turn but direct itself onto the hard-won tracks of democracy. Maybe we need to make way for democracy, increase it and rebuild it to make it work better and improve our lives rather than make them stormy.

12261

PZPR, Agricultural Groups Meet

26000414g Warsaw *RZECZPOSPOLITA* in Polish
3 May 88 p 2

[Text] On 2 May, a meeting took place between the Presidium of the National Administration of the Association of Farmers, Circles and Agricultural Organizations [KZRKiOR], and the director of the PZPR Central Committee Agricultural Department, Kazimierz Grzesiak.

The chairman of the executive board of KZRKiOR, Zdzislaw Zambrzycki, informed about the current activities of the agricultural circles within the production, economic and socio-living sphere with particular emphasis on the course of spring work in agriculture and the development of various forms of production services for private farms. He also presented the recommendations for the central authorities arising from provincial conferences of agricultural circle delegates. "These proposals," stated K. Grzesiak, "will be thoroughly reviewed and implemented in the work of the Agricultural Department of the PZPR Central Committee."

09753/06662

Kaleta on Autonomy, Financial Problems in People's Councils

26000397 Warsaw *RADA NARODOWA* in Polish
No 20, 14 May 88 pp 1, 6

[Interview with Jozef Kaleta, director, Department of Finance, Academy for Economics in Wroclaw, by Janusz Skladowski: "Not Putting Up Barriers"]

[Text]

[Question] At the beginning of the 1980's, back when you were chairman of the People's Council of Wroclaw Voivodship and the City of Wroclaw, you stated certain postulates about the functioning of the councils. A great deal has changed since those days. What is your assessment today of the changes which have already occurred?

[Answer] There is some progress, but not on the scale anticipated. I think that changes in the system which go further and are more drastic are necessary, especially in the sphere of the finances and administration of the people's councils. I think it is only the present promises to introduce municipal ownership that will produce the expected results. Facts are what count here. The proposals and programs all look very nice, but nobody knows whether or not they will be carried out or how. After all, very often we have had marvelous programs and ideas, but, unfortunately, many of them remained just on paper.

[Question] So how in your opinion should the financial and economic independence of the people's councils go?

[Answer] We should not talk about partial, limited independence. I do not agree that the independence of the people's councils must be monitored and controlled. There should be complete autonomy. Professor Stys once said that with vodka you can have one that is 50 percent alcohol, but with independence it either exists or it does not.

I have long been convinced that municipal ownership should make it impossible for central bodies to step into the sphere of local administration. In order to make economic decisions, you need a certain amount of information, and those bodies which have the most information should make the decisions. It is the local bodies, people's councils, and their administration that are such bodies. Decisions on the subject of the hierarchy of local needs should be made right there, not centrally. Of course, this does not in any way mean that the central bodies should not have an influence on the structure of the economy in the country, for example, the social and technical infrastructure in various regions of the country. There are undoubtedly imbalances in this sphere, and the central bodies should strive to even them out. It is that way all over the world. This happens not through direct central decisions, for example, about the directions and sizes of investments, but through systems mechanisms, although there are self-government compensatory funds. They have existed in our country too, before the war and up to 1950. They are allocated on the basis of objective criteria concerning the voivodships, which in turn pass them on to the parishes (gminas). They should be established for 5 years, using an objective factor, and this would be for all the councils. It is not until the council knows what the amounts are, correcting them of course by factoring in inflation, that it can establish its own plans for the period. It will know that the additional income it manages to save will not influence the size of the subsidy. There will be no fear of revealing reserves. The council will strive to have its own income be as great as possible. And it seems that the current proposals are running in this direction.

[Question] The five-year plans for financing tasks are already in effect.

[Answer] But the allocations are not corrected by an inflation index, so the councils are not certain of income. Inflation eats up any surpluses they build up. The law on the people's councils includes a statement about compensatory income established for periods of 5 years, but it is not fully respected. First, these amounts change in keeping with the state financial situation, and second, there is no inflation index correction. As a result, the figures cannot be used as a basis for sensible planning and management.

[Question] There is also the sensitive problem of budget income allocations calculated to a greater extent by the trade and services turnover index. These allocations are a bone of contention between the central bodies and the voivodships, because of their changeability and the fact that they are basically ranked according to merit, which means in practical terms that they are also subsidies.

[Answer] They really are more of a subsidy. There are voivodships or regions that are more neglected and need clear support, but there are also those which have greater income. In this connection it would seem just to me to make a distinction in this turnover index in terms of the wealth of the given area. The rationale behind compensatory subsidies consists of giving priority to the more neglected parishes (gminas), towns, or voivodships.

[Question] Is the general subsidy formula not adequate for these purposes?

[Answer] I have this notion: The people's councils' own income from taxes on its economic units should cover the ongoing local needs and provide for simple reproduction of fixed assets. The central bodies must not interfere in this area. On the other hand, compensatory income should be provided for the voivodships from the central bodies or from some central compensatory fund, to finance developmental investments in neglected areas.

The central bodies thereby influence the structure of the economy and even out the imbalances, and compensatory subsidies should be geared to such purposes. Social, educational, and cultural needs should be met to about the same extent all over the country. Unfortunately there is a tremendous lack of balance at the present time. It seems to me that such a concept is very clear and, if adopted, could help eliminate it. There can be differences between the economic level of one voivodship and that of another. They are even unavoidable. On the other hand, there should be no great differences in the people's standard of living.

[Question] This is a call for egalitarianism.

[Answer] I consider egalitarianism justified in the realm of the municipal and housing economy, culture, art, education, and public health. There is no justification for great disparities in this area.

[Question] So you would be an advocate of egalitarianism in the sphere of collective consumption.

[Answer] Yes. After all, in many industrially developed countries there are such trends, in terms of access to education or medical treatment for all citizens. The state should therefore provide for about the same level of collective consumption all over the country. At present this is not the case. There are voivodships in which there are about 50 hospital beds per 10,000 population and those in which there are more than 100. The same is true in education, for example. Many schools are operating on three sessions.

[Question] You said that by introducing municipal ownership and giving the councils a legal status, the central bodies would be prevented from "interfering" in the independence of administration at the local level. Do you think that the problem of reduced subsidies—let us call them compensatory funds for growth—would also be resolved if the councils acquired more income of their own?

[Answer] We cannot let the size of compensatory subsidies depend on the councils' fiscal management abilities. Up until now, if the council obtained more income of its own, this increase was automatically converted into a reduction in compensatory income, thus eliminating any incentive for economic activity. In the future—this is what is envisioned—compensatory income will be stable for a period of 5 years, in whatever form it takes (corrected of course by an inflation index), regardless of how the council increases its own income, even if the increase is on the order of 200 or 500 percent.

If, despite the promises, this concept is not introduced, then all others will be cancelled out. There are tremendous reserves in the parishes and towns, and we could utilize them, provided that incentives are set in motion, such as insuring that compensatory subsidies are inviolable. It will make no sense to create new enterprises or develop initiative, because there will be no benefit from doing so. It is easier to try to increase the subsidy than to demonstrate initiative. We must make compensatory subsidies independent of the councils' economic results in either direction, very good results or figures below those planned.

This is the way it is all over the world and the way it was in our country before the war and up until 1950. I was working at that time in the self-government. This was really a wonderful period. I served under the auspices of the Powiat Self-Government Union at the parish budget sessions. I saw people's commitment, their struggle for funds and reserves, and the way they pointed out possibilities for increasing income. Today the budget sessions are bland. Because they have no influence over anything, the council members do not fight for anything.

There are exceptions to this rule. Some councils today are already concern themselves over their own income, but there are also those who restrict themselves to signing subsidy applications. For example, Poznan has great income from the development of the private sector and foreign firms. On the other hand, it also happens that the council passes resolutions prohibiting emigre firms, independently eliminating the possibility of income from them. I do not think that things should be this way. The councils should be encouraged to be active in this regard, through central measures too, but this will not happen until the inviolability of compensatory subsidies is guaranteed.

[Question] Up until now these subsidies have been established without any objective criteria of distribution, and in the drafts of amendments to the laws, they are just mentioned. What should they be like?

[Answer] It is easy enough to set them up. Throughout the world in general, imbalances in the figures of the infrastructure, the number of hospital beds, classrooms, and books per capita in the libraries, are used as the basis of comparison. Hence, the level of social, cultural, and housing services is used as a standard of measurement. It makes it possible to objectivize the criteria for distributing central resources in keeping with the requirement to even out imbalances.

[Question] Let us imagine at any rate the situation where, because of its own ingenuity and initiative the council acquires greater income and raises the level of these social services. We cannot prevent it from doing so, but after all this will make the imbalance greater, because the richer the region is, the more possible it is to raise the level.

[Answer] In such a situation, during the next five-year period the central bodies must create a new structure of compensatory priorities. This is unavoidable. The councils are never going to be equally active and effective. Economic policy must favor the strong, but social policy should implement the principles of justice. It is inconceivable that certain schools, because of a surfeit of resources, have the highest level of equipment and teachers, while others provide educations under extremely primitive conditions. The same applies to medical treatment. These issues must not be subordinated to the laws of the market. I must say, though, that not everyone shares these views. There is the idea of creating private schools or clinics. I am against this notion, recalling that even in capitalist countries like Sweden, there is provision for a guaranteed basic standard of social services at a respectable level.

[Question] Let us go back to these new systems proposals. The draft of the amendment to the law on the councils mentions giving legal status to the people's council. In the course of the discussion on the assumptions, someone called for giving this status instead to the units of the local self-government, to the towns and

parishes. This is related to the more general problem of the councils' dual role, that of bodies of the state administration and that of bodies of the local self-rule. What is your view of this problem?

[Answer] The issue is controversial. I think that the council should be a body of local authority, of the local self-rule. If it discharges its self-rule function well, this is good for the state as a whole. The state need not be directly guided from the center. It can be based on self-rule bodies, the basis of democracy. There is no need to create a structure where the head of the parish council or the manager [of the gmina] has to be a representative of the central government. The central government can use the self-rule bodies to guide the affairs of state, through the legal system. The state is a whole organizational system of society, not just the government, Central Committee, Sejm, and so on. I think that the local council and administration should represent local interests, and therefore those of the local self-rule, but the central bodies should not interfere in their activity. If we look at it that way, we have to say that the councils and the local administration are self-governing bodies, not bodies of the central bureaucracy. This is a somewhat different arrangement, because the councils are no longer bodies of the state government, they need not follow the dictates of the central administration.

[Question] Then the essence of the problem lies not in the name but in the principles of operation.

[Answer] Yes, but the councils must remember to act in the interest of the local public and be responsible to it rather than to the central bureaucracy. The central authorities should fulfill two tasks in relation to the self-governing units: see that the law is upheld and even out the imbalances. These two duties are entirely sufficient.

I see nothing, on the other hand, to keep the councils from gaining legal status. This seems rather insignificant. It is important for the basic units of the self-rule to be the parish or town and not the voivodships. The communal property should be signed over to them. Meanwhile, there is still the tendency to form these enterprises on a regional or voivodship level, which is a remnant of bureaucratic centralism. In this way we deprive the gminas of property. At the voivodship level it is more a question of municipal unions than independent units. At any rate, we should not build up structures on top of the gminas. There is cause to rejoice that the changes being drafted run in this direction.

[Question] Indeed, there is much to show that this direction is the correct one. Nonetheless there are still some controversial problems, especially those related to municipal ownership. The first is the proposal to add to the Constitution the phrase: "The communal property is at the disposal of the people's council."

[Answer] The phrase "is at the disposal of" is imprecise from the legal point of view and indicates something on the order of trusteeship, but it relates to ownership in the full sense of the word, with all the rights of ownership. The concept of ownership is spelled out very well in civil law and leaves nothing to be discussed on the subject. Nothing should be camouflaged here. There should be no barrier in front of the councils concerning handling communal property. This ownership is more than just having access to it or having it at their disposal. It means entering into the realm of trade under civil law, without any restrictions, but subject of course to comprehensive public, market, and legal control, insuring the proper disposition of this property. This must not be quasi-ownership or make-believe ownership. Only then will it prevent central bureaucratic interference in local administration.

Under the law, the owner may do whatever he wants with his property. Therefore, municipal ownership should not be some worse sort of ownership. Let us remember that the Soviet economist Professor Aganbegian said that the form of ownership that is the most socialist is the one that brings the society the greatest benefit. No taboo should be created concerning various forms of ownership, therefore, nor should there be concern to see that it continues to be bureaucratic. It must be turned over to the society, socialized. Ownership of the communal type is most destined to be turned over to the local population.

Today we must not accept the dictum that state ownership is the highest form of ownership, with cooperative ownership lower and private ownership the lowest. Professor Aganbegian claims at least 40 percent of utilitarian goods should be produced in the private sector, which is surely more efficient than the state sector in the realm of trade, services, and the crafts.

Of course I sympathize with views that ownership should be transferred to society, because state property, especially bureaucratic property, actually belongs to nobody.

[Question] The next problem is the scope of municipal ownership. Since its elimination in the 1950's, there have been many changes in the social and technical infrastructure of the towns and parishes, some favorable ones in terms of quantity, but also adverse ones when it comes to the scale of neglect, such as capital repairs. This is why there will be controversies in specifying the scope of ownership.

[Answer] To meet local social and cultural needs and the like, the councils should take over whatever serves these purposes, that is, the sphere of municipal services, educational facilities, hospitals, and so on.

[Question] And the land, communal lands?

[Answer] Of course, these too. A situation cannot be maintained where the land does not belong to anybody. One manages it differently, when one owns it. After all, it is one of the most valuable forms of property. Overall, I think that the concept of communal property should be made very broad.

[Question] There are still the enterprises.

[Answer] The councils can and should create those enterprises which serve the local population. I would not confine their scope of operation. One can even imagine a small enterprise created by the council to undertake export production, although I do not think that many will be created. You have to assume that these will be largely enterprises serving the needs of the local population, but I would not set up any barriers.

[Question] An enterprise based solely on capital from the council should probably be the property of the parish or town. If it is a question of the status of this type of property, who is to govern it, decide on the directions of its development, distribute the profit, and so on?

[Answer] An enterprise which is municipal property can be run on commercial principles, paying the parish a normal tax, with little or no difference between it and other enterprises operating in the local area. A state enterprise is not property of the work force either, but its worker self-government makes decisions on many issues. The situation of an enterprise operating on the principles of a company in which the parish or town also holds shares is somewhat different. Then the overseeing council makes certain decisions. Various solutions are therefore possible, and I do not see any real problem here.

On the other hand, publicly owned enterprises must have a different status: different tax principles, different mechanisms for setting prices, different effectiveness requirements. They are not appropriate for commercialization. This is how it was in our country before the war.

[Question] The councils would like nonetheless to have an influence both on their local area as a whole and on the operation of the enterprises under them, regardless of their sphere of activity. This is clearly seen in the fights going on over the transfer of enterprises still under central government control.

[Answer] I do not think this matter is important, assuming that the enterprises are to be independent. If they really were and operated under commercial principles, the problem of the founding body would be of absolutely no significance, but today subordination holds an important place, owing to the relationship to the budget, as a way to increase the people's councils' own income. The more of these enterprises there are in the local scheme, the greater the people's councils' budget income.

[Question] With legal status and communal property, the councils will be subject to the mechanisms of the market. Does this mean they are in danger, for example, of going bankrupt?

[Answer] I do not think so. After all, they remain under the control of the local population, which elects the councils itself. The more democratic the election rules, the greater assurance of choosing the right council members, and it is they in turn who appoint the appropriate executive body. If they appoint a poor [gmina] director or [town] president, they can correct the error. It should be very important for the local population to have good council members and good administration. Therefore the whole elections mechanism should force the council and administration to do good work, just as it does all over the world.

[Question] Thank you for the interview.

10790

Economist Urges Stronger Reform Efforts
26000404b Warsaw ZYCIE WARZAWY in Polish
20 May 88 p 3

[Interview with Prof Jozef Kaleta by Aleksandra Chmura from TRYBUNA ROBOTNICZA]

[Text] [Prof Jozef Kaleta] In my opinion, the widest possible public support for the economic and political reforms is necessary currently. Outright pressure for the complex and radical implementation of the reforms is needed. And even though it follows from the research of Stanislaw Kwiatkowski that people are beginning to doubt the success of the reform, it is nevertheless necessary to pound on the wall of bureaucratic barriers until the desired outcome is achieved and not emigrate. Because if illiterates are making splendid technical things in South Korea or Singapore, then why can't we in our country?

I do not agree with the claim that the center has done everything. I also do not agree with statements that "neither economic nor political reforms can be carried out in this nation." Those who say that, have reason to be afraid because many central institutions as well as numerous administrators and bureaucrats will lose their raison d'etre and will cease being reckoned with under democratic conditions and the complete decentralization of economic management.

We are always playing with the same deck of cards without aces. Unfortunately, they are always hanging from governmental doorknobs and "yesterday's" advisors are at the head. Always the same palette of names. I will not mention them because some of them are already threatening to take me to peer court. That is why this is not the first time that I have declared publicly that it is

the party, which governs together with its allies, i.e., with the ZSL and the SD, that must settle matters decisively with the opponents of the reform, with dogmatic-bureaucratic opposition.

09853/06662

PZPR, SED Dailies on Working Class Role in Technology Revolution
26000409 Warsaw TRYBUNA LUDU in Polish
27 May 88 p 5

[Article by Bogdan Mikolajczyk: "Novelty in the Old Coveralls"]

[Text] On the initiative of TRYBUNA LUDU in NEUES DEUTSCHLAND, a round table discussion took place in Warsaw devoted to the scientific and technological revolution and the role played by the working class in its implementation.

Participating in the meeting, led by TRYBUNA LUDU's assistant editor in chief Krzysztof Krauss, were staff members and directors of NEUES DEUTSCHLAND's economic policy and science divisions Otto Luck and Dr Wolfgang Spickermann; SED Central Committee party organizer at the Electronic Subassembly Works in Teltow, Kurt Koopmann; Dr Lothar Winter of the Academy of the Social Sciences under the SED Central Committee. The partners in discussion on the Polish side were Dr Wieslaw Rehan of the PZPR Central Committee Academy of Social Sciences; engineer Tadeusz Zaremba of the Office for Scientific and Technological Development and Implementation; Bogdan Mikolajczyk, director of the Division of Science and Technological Development at TRYBUNA LUDU and Jerzy Weber, our correspondent in the GDR.

We are printing extensive excerpts from the discussion (notes not verified).

K. Krauss: Although the instruments for organizing the socialist economy are different in individual countries, one thing is common to all of them: there must be a qualitative turning point in the development of our countries, based on extensive exploitation of innovation. The socialist nature of our economies creates particularly favorable circumstances for broad involvement in these issues by workers.

Public Goals—Public Mechanisms

W. Rehan: The factor that accelerates transmission of innovations to the plant, the specific workplace, the specific worker is—as is apparent from out of experience and observation—the development of self-management and independence in the enterprises. It is the action of public self-management, along with accounting rules, self-financing and market mechanisms that can have an impact on increased worker interest in technological progress.

K. Koopmann: The plant in Teltow (GDR) where I work has been in existence for more than 10 years, employs 28,000 people and produces so-called passive elements: condensers, assembly boards and switches. This year the value of production will exceed 2.2 billion marks. We are responsible not only for the development and production of the electronic elements I mentioned but also for supplying the elements to manufacturers of finished equipment and products. If our capabilities are not enough to cover demand, the plant is obligated to guarantee imports.

The creation of such plants in the GDR, as we view it—was an excellent theoretical idea by the party and an excellent practical move. The plants are something much more than the sum of several connected factories. By improving internal structures and management rules, we are better able to tie state central planning to the enterprise's initiative. The plants are centers for the working class, which in close cooperation with the intelligentsia co-authors the scientific and technological revolution. Because of major investments and the creation of a modern base (which is crucial in electronics), for several years we have had double digit increases in production.

Seven percent of the employees work in research and development. We attach a great deal of importance to having party members at all important segments, both among worker personnel and the technical intelligentsia. They are the vanguard that initiates many actions and draws others along.

T. Zaremba: In our growth we have come up against a number of barriers that cannot be overcome without scientific and technological development. Among these barriers one must count limited increases in new labor resources, a relatively small, slower than expected rate of growth in production, an increase in raw material supplies and a high degree of consumption of fixed assets.

The solution to all these problems requires intense technological modernization, which would be impossible without the participation of a broadly conceived working class. I used the expression "broadly conceived working class" because I feel that given ever more modern and intricate technological processes, the concept of the working class can also include technicians and sometimes engineers as well.

O. Luck: I have a different opinion on this last question. I do not think it would be appropriate or proper to "insert" engineering personnel artificially into the working class. However, it is a fact that major structural changes are occurring within the working class itself.

Against this background, a few words about the participation of the working class in the innovative process. In the GDR in the past 10 years the efficiency movement has been growing at a rate of 1.5 percent annually. Participation by the working class and the technical

intelligentsia is more or less equal. In the most technologically advanced plants, the ones with so-called flexible production automation systems, where the average worker has the qualifications of an engineer, the workers' innovative creativity is more active. I would say that intellectual potential plus modern means of production release the need for self-realization in the field of scientific and technological development too.

From Knowledge Comes Initiative

I do not know if the main problem is to define where the boundary between the working class and the technical intelligentsia runs. I think what is important is affirming that this boundary is fluid. And the issue of fundamental significance is the answer to this question: how to mobilize these groups as a whole so they would show their joint participation in the scientific and technological revolution ever more strongly.

As far as the working class is concerned, the basic condition for this interest is a high level of knowledge and qualifications. This is where we feel the principal difference between socialism and capitalism is.

There sensible employers also understood that they need educated workers and they try to set aside funds for this. But education there is also subordinate to the rules of profit. So only the most capable are given the chance to increase their qualifications. For the rest, modern technology poses a threat to their existence. The barrier to new technology originates in this part.

T. Zaremba: Speaking of the originators of scientific and technological development (whether they are workers, engineers or professors) one has always been able to observe among them groups that are very expansive, that are constantly looking for something new. I am of the opinion that these groups or this group is a special asset that should be nurtured, singled out, for whom society should create conditions for creative activity. I must say that for some time these matters have begun to find proper understanding here.

A great opportunity for the resourceful and enterprising are the recently established innovation and implementation entities, e.g., small state, private and cooperative firms, partnerships that set production in motion based on a patent or invention. They take upon themselves the entire risk (financial as well) for the entire enterprise, but they make use of various kinds of tax relief and preferential treatment in supplies.

The effects brought to the economy from the inventive projects that were adopted in 1986 (there were 122,000 of them) amounted to 119 billion zloty. The costs related to their implementation came to about 18 billion, of which 8 billion went for fees to the inventors and 2.5 billion to people cooperating in implementation.

Foreign currency deductions for individual inventors or groups for exporting technical ideas play a very useful role. If the exported solution is the work of one person, he receives 10 percent of the foreign currency yield, regardless of his compensation in zloty. If the exporter is an enterprise, the percentage increases to 30; if it is a science and research institute, it is 50 percent of the return in convertible currency. These funds may be used for importing research apparatus, for example.

W. Spickermann: We in the GDR are of the assumption that not every technology can be bought, that many things have to be made in the plant, on our own power, within the efficiency movement. Naturally, engineers and workers join in this together. And this means that the workers must be familiar with many fields, they must be the engineer's partners. It is a question of qualifications, but also of certain personality traits. Such as the feeling of one's own value, the power to break through. And it is clear that we should stimulate and support most the creative segments of the working class, as is indeed the case. Everyone who takes his efficiency proposal to its conclusion has a share in the profits that the idea brings.

K. Krauss: A fascinating theoretical notion concerning the working class and the technical intelligentsia has appeared in our discussion. This is a subject in itself and I think that there will still be an opportunity to deal more closely with it. But I suggest that we return to the main subject of this round table. Namely, on the basis of the experiences already gathered in our countries, what should be done to effectively warrant pro-innovation attitudes in the working class? Three important factors come into play here: organization of technological development, the system of material compensation, and the system of influence with the help of non-material stimuli.

We talked about the employee advantages and social advantages that come from scientific and technological development. But alongside this, there are certain social costs of technological progress. In our situation, talking about unemployment would be pointless; for years we have had a manpower deficit. But there is the real problem of people who have to change their qualifications, to build from scratch their professional prestige.

W. Rehan: From our Polish experiences it is apparent that within the working class, those who have will, desire and innovative capabilities are mainly people up to 30 years of age. At the same time these are the workers with the highest qualifications. And it is this group that is decisively in favor of economic accountability, of a new style of operation for our economy. This group of resolute innovators is calculated at about 30 percent of the entire Polish working class.

I would add incidentally that beginning in 1980 we have had to deal with a relentless, comparative decrease in the number of employees in worker positions. Nevertheless,

the working class remains the largest group among all those employed in the Polish economy. It is important to point out that this is above all a working class in its second generation, which is an important key to understanding many socio-political processes in our country. Opportunities for following the path of advancement their parents traveled have been exhausted. So they must seek for themselves a different "path" to advancement. It is so-called horizontal advancement. Hence the great significance young workers attach to new methods of management.

K. Koopmann: The Siemens corporation, for example, is also backing the "restless." The development of key technology and the scientific and technological revolution are processes that are occurring both in capitalist firms and here.

The crucial matter is the purpose of social development. The goal of party work and the party press is to show who is served by better productivity and efficiency in our social system. And close behind is establishing in the working class the conviction that it is the strength of the socialist state. There is much to be done here and this end is served by developing work competition whose substance and nature must be changed appropriately. I am of the opinion that the scientific and technological revolution is not just a matter for the elite. In this process the responsibility of all working people grows.

Two Roads

B. Mikolajczyk: Admittedly, the very idea of the scientific and technological revolution emerged in the 1930s, but the experience of our country—and others, I think—shows that we are still on the foreground of this process. In certain areas of production, in certain fields of economic activity, this advancement is greater, in others less. Is the working class in Poland interested in accelerating scientific and technological development?

Certainly it is. This interest is evident from the fact that the reforms introduced into our economy put strong emphasis on qualitative factors and these cannot be secured other than through technological progress. But the problem is in how to steer this interest and how to support it with appropriate material means so that it would rapidly bear fruit in changes in production technology in the crucial segments of our economy.

We are approaching two roads here. One is mass technical creativity, employee inventiveness and efficiency. The OPZZ has become involved in this matter recently. I think this is a valuable experience in the practice of our new unions' activity.

The second road is centrally directed scientific and technological development. Here the system of financing, evaluation, cooperation and concentration of research and developmental work arose three years ago and continues to develop. We have allocated more than

1.5 trillion zloty in this five-year period for utilitarian research programs, for government orders from the field of technological development and for fundamental work. And distribution of these funds is taking place in accordance with the rule of concentration, hence in key areas of science and technology.

L. Winter: Modern science and technology put in our hands the means to achieve the highest goal of the worker movement. At the same time they lay down a great challenge before the working class because they require that this class move quickly forward in its own interest and in the public interest. Meanwhile, the deepening division of labor, automation, robotics, etc. are leading to the point where social processes are becoming ever more complex. That is why education and qualifications must be treated more broadly today than in the past.

The issue cannot be limited to professional perfection, to familiarity with the basics of modern technology. Social knowledge also comes into play as a motivational factor.

O. Luck: I would like to go back to the idea of the elite. We are against elitist thinking, but let us try to answer what are we in favor of.

W. Spickermann: Many efforts are being invested in the GDR in fostering and developing talent, because without talent there will be no technological progress. This fostering begins in the schools. For example, in the GDR there are schools with expanded mathematics programs but with other science or humanities subjects. In recent years, many student groups involved with computers have emerged. This is not just a question of the schools. The FDJ is involved in developing talent and the plants are not avoiding it either. Then there are the higher school—the Technical House (the Polish counterpart is the Chief Technical Organization), the famous Masters of Tomorrow Fair.

Activity supporting the most capable does not depend on social origin; identical standards are applied to everyone from the young and old generations. That is what makes it different from elitist thinking.

B. Mikolajczyk: In our economic experience in recent years, a certain novelty has appeared that has a rather important impact on the innovative activity of workers. I am referring to the brigade system of labor or, in other words, partner groups. It is an initiative that originated at the bottom and it is materializing there with no attempts to artificially accelerate or control the process from above. This form of work organization has truly animated the efficiency and inventive movement. Brigade accountability—the clearly defined interdependence between the results of production and earnings, is a powerful incentive that encourages inventiveness and the application of more effective solutions in practice.

Cooperation

L. Winter: The capitalists also understood well that without a state's active science and technology policy, without a strategy for development, there can be no talk about good economic results. However, beginning with the 1980s, they are demanding less state influence on the economy and expansion of market regulators—which we can observe especially in countries under the governments of conservatives—yet as far as leading technologies are concerned, they are counting heavily on research directed by the state, on state capital.

B. Mikolajczyk: Two years ago, the CEMA Pact nations endorsed a complex program for scientific and technological progress to the year 2000. It is a precise document that specifies the main directions for technological development. The very concrete effects of this cooperation are already showing.

I think it is not without significance that new forms and mechanisms for cooperation are being sought after throughout CEMA, that cooperation is being based more strongly on direct contacts, that it is taking hold in real economic instruments. All this allows us to have the certainty that in this cooperation a whole series of new structures, new techniques and technologies will be generated. And thanks to these joint efforts, this will certainly take place at the lowest costs.

K. Koopmann: Our cooperation with Unitra is proceeding rather well. Commercial exchanges have reached 45 million marks annually. Widely developed are social contacts, exchanges of youth teams between our plant and Krakow's Telpod. We suggested to our comrades from Unitra a possible division of work in the area of switches. We cover our demand for a specified type and you our needs for another. There are concrete proposals for cooperation with electronics specialists from Bydgoszcz.

This cooperation is crucial. Practically, one CEMA country is not in a position to solve all its development problems. I feel that it is not the form of economic structures that is important for development, but readiness, confidence, respect for mutual accomplishments and the will to get results together.

J. Weber: We need more of such examples as cooperation in the area of modernizing textile machines. The series of machines which is selling very well in the East and West under the name "Malimo" is probably the best example of the fruits that real cooperation can bring. Unfortunately, there are few of these examples. The planning bodies of our countries say that 25 percent of joint receipts come from cooperation and specialization. But experts from one side and the other say that if this were really the case, we would have completely new quality in our mutual trade.

Since last year one can talk about a certain new stage in scientific and technological cooperation. The Office for Scientific and Technological Development and Implementation and the GDR's Ministry of Science and Technology have established several mutual research topics. Also, an agreement was signed last year on cooperation in microelectronics.

Without Improvisation

O. Luck: From the subject of scientific and technological development we have gone almost imperceptibly to the broad plane of social policy. In this matter our party offered a basic response which says: we do not want and we will not undermine the principle of social security. The fundamental matter is finding a sensible boundary in distribution of national income for accumulation and consumption funds, although in my opinion it will never be possible to achieve the ideal situation. Too many factors and conditions are at work here.

In our discussion, the question of how to stimulate technological development has come up repeatedly. I point to the initiative of the Schwedt petrochemical works which our newspaper has been following for 10 years. The slogan for this initiative was "fewer people produce more!" This meant that the point was greater productivity, hence seemingly the same as in capitalist companies. But our goal is much broader, more ambitious: "efficiency through the people and for the people." It is a strategy of intensification.

More than 8,000 people work at Schwedt. Of these 3,500 have gone to work at another place over the past 10 years, yet the plant doubled its production. On the initiative of the trade unions, collective bodies emerged to accelerate certain processes and control their course. It was an enormous task.

More than 80 percent of the employees had to change their qualifications. Recently, a woman who had changed her qualifications six times since beginning her career wrote to us. Today she earns 50 percent more than 10 years ago and her efficiency ideas brought her more than 30,000 marks. For her, this is an incentive to action, but not the only one. Equally important is moral encouragement, the notion that her innovation counts in the plant.

J. Weber: I was at Schwedt last year. What impressed me most was that each of these 3,500 people were talked with personally. No one was surprised by the new proposal. But in order for this matter to be completely clear, let us say that the Schwedt initiative was born out of a particular necessity. It was decided to erect new installations on the condition that the question of their operating personnel be handled outside the regional labor market, in which there are no reserves.

Because of Schwedt's initiative, adopted in many enterprises, more than 500,000 people were gained for jobs in the GDR's economy over the 10 years.

I have come to the conclusion that despite existing differences—sometimes overly emphasized—there is a great deal of concurrence as far as the development of our management systems is concerned. And our economic and social goals are completely identical.

K. Krauss: One of us, probably comrade Koopmann, asked what is the scale of depreciation of fixed assets in the Polish economy and how we intend to solve this problem, what role will research and development resources play in this field. It is a fact that for reasons known to you, in recent years we have had to shift part of our investment funds to maintain consumption, e.g., limit investments.

At the moment when manifestations of the crisis were reversed, when our economy once again began to grow—and the rate is not all that low—more funds will appear. One can therefore do a certain maneuver and increase funds allocated for development. The key issue now is how to use these funds so they will produce the maximum economic and social results.

One could say that as a rule we have already stemmed the process of depreciation. But it would be a mistake to simply recreate what once was. Managing expenditures must be an instrument for restructurization of the national economy expressed in strategic state plans (central funds), and executed by enterprises in using their own funds. What is the purpose of this maneuver? The purpose is to break down barriers to development, which has already been discussed here.

B. Mikolajczyk: A few facts. Last year, 2,124 automated production lines were in operation in Poland. That represents a 20 percent increase over 1986. We had 408 finishing center, 351 the previous year. Some 233 robots were used, 171 in 1986. And so as not to prolong this list, one more detail: if in 1986 some 487 computers were used to guide manufacturing processes in the collectivized economy, this year there are 930.

K. Krauss: The subject of our meeting was so broad that we were able to draw attention to just some of the issues. I think the basic conclusion apparent from this meeting is that the subject we chose for joint discussion is a key issue for our future. Accelerating scientific and technological development, and basing our economies on it, requires both active work within individual countries and individual enterprises and development of cooperation among fraternal socialist countries in this field.

The examples of experiences noted here should be extensively reflected in journalistic reports because these are experiences of which all of us can and should take advantage.

Koszalin Employees Support Sejm's Extraordinary Measures

26000414h Warsaw TRYBUNA LUDU in Polish
23 May 88 pp 1, 2

[Article by Jan Urbanowicz: "This Act Will Not Affect the Good Ones"]

[Text] The legislation regarding extraordinary powers and rights for the Council of Ministers ratified by the PRL Sejm signifies that trifling matters have ended for many enterprises.

The drawn out explanations about "enterprise specificity" in which the rules of the game introduced during the second phase of the reform allegedly do not fit in, not only delay the process of coming out of the crisis for our economy but also irritate those work crews which embarked on reform activity from the start, i.e., as early as in 1982.

"We not only are not afraid of any extraordinary powers given to the government," states Lech Jastrzebski, chairman of the Workers Council of the Koszalin Engineering Work Enterprise (KPRI), "but believe that such legislation will make it possible to even out the chances of enterprises. And it is only with equal chances that we can determine who is good and who is not.

"The KPRI is a specific enterprise. Work is not done in roof-covered halls where it is warm but where there is work to be done—at construction sites for intercepting sewers, heat inductors, sewage-treatment plants and water treatment stations. Currently, this includes 100 'construction sites' scattered about in 3 provinces. In this situation, work organization, supplies and technical supervision require considerably more ingenuity and effort than in an enclosed plant. However, at the KPRI, workers believe that obstacles are there to be solved."

"We are necessary," states POP First Secretary Henryk Szafranski. "Without a technical infrastructure, there is no chance for growth in housing construction and there will also be no progress in environmental protection. We have considerably more work orders than we can handle, even though, every year the production potential of our enterprise increases by more than 20 percent."

"We are not only necessary," adds Lech Jastrzebski, "but also competitive in terms of quality and the promptness of completed work. Because of this competitiveness, we have forced out the Gdansk and Szczecin based 'Hydrobudowa' from our region.

"The KPRI currently employs 550 workers including barely 40 people in administration which is not much when considering 5 work divisions in 3 provinces."

"Certification is carried out on a day to day basis," says Lech Jastrzebski, "because we analyze the work organization system on a current as is as well. By increasing

production, we have no intention whatsoever of increasing the number of service workers. Of two options, i.e., to employ more people or to equip the administration with computer, we had chosen the latter a long time ago."

"We already benefited at the beginning of the reform," informs foreman Wlodzimierz Haluszko, "in treating it with complete seriousness. Despite the crisis, we made efforts to purchase equipment and to develop the technical base. Where there is a will, there is a way. Today we can calmly talk about increasing production because we have the equipment to work with. For the first 4 months, the production plan according to last year's prices, was more than 140 percent implemented.

"This means that there is no fear in the KPRI of the government entering with its extraordinary powers because it is run in accordance with the reform introduced by the government.

"The Workers Council, POP's, trade unions, and the management do not pat each other on the back," assures Lech Jastrzebski, "but we all agree on one thing: in order to earn more, it is necessary to do more. It is up to the management to assure a work base and up to the others to work efficiently in this base. This works. Thus, even though our wages are far from those of the mining industry because our average wages came to 30,000 zloty, the work force is integrated.

"The company has a good reputation not only with our clients but also with our workers."

"I feel that great possibilities lie in point 3 of the first article of the act on the extraordinary powers of the Council of Ministers which allows the government changes in the subordination of enterprises," adds the director of KPRI, Anatoi Paprocki.

"There are too many work establishments closely tied to the region in their production activity and whose superiors are in faraway Warsaw. And from Warsaw, contact with an enterprise is usually by paper. This also hinders and delays the implementation of the reform."

09853/06662

'Information Day' Views Elections

26000419g Warsaw TRYBUNA LUDU in Polish
20 May 88 p 2

[Unattributed article: "'Information Day' in Legnica"]

[Text] Every month the Legnica Voivodship PZPR Committee organizes its "Information Day." First the region's social and political activists meet with representatives of the PZPR Central Committee or government and then travels around the voivodship to discuss the nation's most important issues with workers at their jobs, at institutions, and with other party members.

Jerzy Urban arrived in Legnica on 19 May for the latest "Information Day." The press spokesman received the greatest number of questions on the new voter regulations for people's council elections.

12261

Dialogue on Mutual Basic Values

26000404c Warsaw ZYCIE WARSZAWY in Polish
20 May 88 p 3

[Interview with Rev Prof Wladyslaw Piwowarski from the Catholic University in Lublin by Donat Duczynski of GAZETA OLSZTYNSKA]

[Text] [Ref Prof Wladyslaw Piwowarski] Dialogue is necessary and possible but with good will, mutual respect, and the seeking out of compromise, i.e., an

atmosphere of harmony. This is a question particularly of so-called basic values which should be of special importance to both sides. As demonstrated by sociological studies, Polish society is aware of certain values, which are treated as common to the public at large and which have various sources: from history comes patriotism, religion, and freedom, i.e., democracy. And from more recent social movements: human dignity, human rights, and solidarity among people.

Without the mutual approval of these values, there are no prospects of dialogue and what it entails—internal order and peace as well as the possibility of positive cooperation for the general good.

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POLAND

ZYCIE GOSPODARCZE 'Briefs' Column

26000369 Warsaw ZYCIE GOSPODARCZE in Polish
13, 20, 27 Mar, 3, 10, 17 Apr 88

[No 11, 13 Mar 88 p 2]

[Excerpts] The economic reform is going on television for good. Starting on 8 March 1988, a program called "The Economic Reform," prepared by Polish Television's Directorate for Informational Programs, will be broadcast twice a week on Tuesdays and Fridays, immediately after the morning edition of Television Daily News. This program's 15 minutes will be filled by reports, commentaries, and explanations of the principles in effect and implemented during the second stage of the reform.

The President of the Council of Ministers has appointed Zofia Tarasinska to the position of president of the Social Security Agency [ZUS], after first obtaining comments from the ZUS Chief Supervisory Council.

Every hour, 800-900 thousand cubic meters of unpurified sewage is carried from Warsaw to the Wisla.

Production technology is changed on an average of every 5 years in the highly developed countries. In Poland, industrial investments take an average of 5.5 years. A new plant is thus late as soon as it is built. In addition, construction and assembly work are 70 percent of the cost of an investment, and machinery and equipment are only 30 percent.

[No 12, 20 Mar 88 p 2]

[Excerpts] The Food Economy Council has adopted a position on the subject of milk production, concerning economic and other conditions limiting the growth of its production and quality.

The Supervisory Council of the Hard Coal Community has been assembled. Its chairman is Prof Roman Ney.

A Council for Opposing Monopolistic Practices has been formed; it has 35 members and is chaired by Docent A. Sopocko, the deputy director of the Finance Institute. If one assumes that an enterprise producing a third of the supply available on the market is in a monopolistic position, then we have as many as 921 such enterprises.

The Presidium of the Planning Commission has examined a draft program for the development of information science until the year 1995, and the assumptions of a joint concept for the international division of labor within CEMA for the period until 2005. A meeting of the commission's management was also held for a working analysis of the plans for restructuring the investment program and the associated modifications to the National Socioeconomic Plan for the years 1986-1990.

The Ministry for the Protection of the Environment and Natural Resources has reported on what is not "working out" in protection. Here is its assessment: contamination is occurring in 27 ecologically threatened areas. The emission of gases in Upper Silesia is increasing; only 61 percent of last year's substantive plan for the construction of waste purification plants has been completed; the sanitation situation in rural areas and the amount of waste are deteriorating drastically; water pipelines are being built without purification plants being installed; the salinity of the Wisla and Odra Rivers is increasing; numerous industrial byproducts are growing; the danger to forests from the emission of sulphur dioxide and nitrogen oxides is still increasing; and a technical solution has not been found for the runoff of chemical contaminants from farmland.

It is believed that at this time there are about 400 investments that can be completed only after 1990. Their total value exceeds 1.2 billion zlotys. This corresponds to about 60 percent of this year's plan for investments in the socialized economy. It is calculated that the investment cycle in industry lasts about 12-13 years, that a hospital takes an average of 12 years to construct (about 50 hospitals are under construction), schools over 7 years, and various installations in the municipal economy, over 10 years. Of the above-mentioned 400 investments, the costs of building 67 do not exceed 1 billion zlotys, but their construction will take an average of 8 years.

[No 13, 27 Mar 88 p 2]

[Excerpts] A meeting of the Council of Ministers Committee on the Implementation of the Economic Reform has been held under the chairmanship of Deputy Premier Zdzislaw Sadowski. It discussed proposed changes to laws from 1982, on the rules for the conduct of economic activities in the sphere of small-scale manufacturing by foreign legal and physical persons (the so-called Polonian firms), and from 1986, on companies with foreign participation. The Committee advocated the creation of uniform and more attractive conditions for the functioning of various forms of economic undertakings involving foreign capital. The preparation of a draft law regulating all of the problems in this area should contribute to this.

Beginning on 1 April 1988, brokers will be able to employ 250 workers. This applies to trade, catering, and service establishments.

Research has shown that over 20 percent of our children do not have their own beds or places to work. Just as many come to school without any breakfast. A third of them suffer from various types of illness—from tooth decay (80 percent) to problems with the development and posture of the body. These are only a few of the consequences of the weakening of the position and function of the family, caused, as it was stated during a meeting of the Commission on the Family of the PRON

[Patriotic Movement for National Rebirth] National Council, by the increasingly more difficult economic situation of the family and the decline in parental responsibility for the upbringing of children.

The basic problems of the functioning and development of the Katowice voivodship were the subject of a traveling session in Katowice of the Presidium of the Planning Commission. "The situation in the Katowice voivodship forces us to draw conclusions about the need to restructure the economy," stated Deputy Premier Zdzislaw Sadowski. "One must, however, realize that the main obstacle is that the structure of national demand is the way that it is. It is what has to be changed first of all in order to avoid a further decline in the quality of life of the residents of the Katowice voivodship—the country's raw material supply base."

The Minister of Land Management and Construction has stated that a package of 16 legal acts, together with the latest version of a program of emergency and directive actions in housing construction, will reach the Council of Ministers next Monday. It should be in the Sejm by the end of March.

A 12-man founding group has received approval from the Minister of Finance for the creation of the Westa Cooperative Insurance Bureau. The Bureau is authorized to engage in insurance and prevention activity throughout all of Poland, and is the only competitor so far of PZU [State Insurance Bureau].

[No 14, 3 Apr 88 p 2]

[Excerpts] The Polish-Soviet Intergovernmental Commission on Economic and Scientific-Technical Cooperation has held a meeting. "We signed an important document," Deputy Premier Z. Szalajda stated, among other things. "It reviews all of the most important issues in our economic relations. It defines the tasks and the ways to complete them. During the talks, we discussed the very important and principal problems of our indebtedness to the USSR, and also new forms of foreign exchange payments. This has to do with creating conditions under which Polish and Soviet enterprises would be interested in the development of direct cooperation."

The Council of Ministers Committee on the Economic Reform has discussed proposed economic and financial solutions aimed at creating more favorable conditions for the functioning of enterprises producing material goods in the sphere of culture and art (the music industry, printing, publishing, and the recording industry).

In 1987, 361 mining enterprises conducted operations in Poland that were covered by the mining law, including 101 underground mines, 152 opencut mines, and 108 shaft mines. The most serious dangers and accidents occurred in underground mines, especially in hard coal and copper mines. Last year 141 people died throughout

the mining industry (6 less than last year). By 24 March 1988, 25 people died throughout the mining industry, including 18 in hard coal mines.

The problems associated with the planned establishment of a free port zone in Szczecin were discussed on 24 March at the Voivodship Office in Szczecin. Two groups of specialists dealt with these issues; one, headed by Prof Waldemar Grzywacz, has already presented the organizational and economic principles of the zone, while the other, working under the management of Prof Piotr Zaremba, is to present the city-planning and zoning principles in May.

[No 15, 10 Apr 88 p 5]

[Excerpts] At the end of March, the Administration of the Szczecin-Swinoujscie Port, the Polish Shipping Line SA, the Hartwig International Shipping Enterprise, and the Szczecin Voivodship Office requested that the Minister of Foreign Economic Cooperation approve (promise) the formation of a company that would engage in the creation and then the operation of a free area throughout Szczecin-Swinoujscie.

At the invitation of the USSR's State Committee on Construction, a delegation from the Polish Ministry of Land Management and Construction, headed by Minister Bogumil Ferensztajn, has visited the Soviet Union. During the meeting and talks, the Soviets expressed a high opinion of the work of Polish building contractors at numerous construction sites in the USSR. The Polish engineering and technical personnel working on the construction of nuclear power plants in the Soviet Union will be retrained in the special conditions that must be observed in building that type of installation.

The Local Border Trade Fairs have begun in Brzest. This is offered by trading enterprises from 9 Soviet republics for the Polish trading firms with which they have been directly trading market goods since last year. About 160 enterprises, mostly from areas near the border, but others as well, have already received permission for these transactions. This is one of the means of implementing the agreement signed by the premiers of both governments in October 1987 on direct trade between Soviet and Polish trading enterprises.

"(...) Scarcely every other child aged 3 to 6 in Poland benefits from preschool care, only 43 percent of elementary school graduates continue studies in full secondary schools, and scarcely every 10th 19-year-old goes to college. In addition to this, adult education, including education for workers, has been neglected." This is from an interview with Prof C. Kupisiewicz, the chairman of the Committee of Experts on National Education, by ZYCIE WARSZAWY.

The Council of Ministers Committee on the Implementation of the Economic Reform has discussed the conditions for setting wages in enterprises resulting from the

planned changes in the law on the principles for establishing plant compensation systems. The government proposal for amending that law, which is currently before the Sejm, provides for a further increase in enterprises' autonomy in establishing their own systems of compensation. In this situation, the principle of enterprises' self-financing gains decisive significance in wage issues.

From a statement by Prof Z. Sadowski at a forum of the Main Administration and Main Council of the PTE [Polish Economic Society]: "I think that an assessment of the results of the first quarter does not give any grounds for applying for special authority. If such a situation existed, however, it would be in accordance with the reform, which is closely linked to the process of the further democratization of socioeconomic life. Any special authority thus could not be understood as an attempt to return to centralization. It will only be instruments helping to break through the procedural barriers hampering the introduction of the reform."

A 2-day meeting of the OPZZ [Nationwide Agreement of Trade Unions] Council ended on 31 March. The result of the discussion of issues determining workers' and retirees' standard of living was the position adopted by the Council on the subject of the state's price and income policy this year.

According to an estimate by the Ministry of Justice, we have about 10,000 different ministerial documents in this country (7,000 are in the register maintained by the Ministry).

The establishment of a program for future Polish-Japanese cooperation in the area of science and technology was the subject of a Polish-Japanese symposium. Scientists dealing with environmental protection, medicine, agriculture, and energy came from Japan.

[No 16, 17 Apr 88 p 2]

[Excerpts] Minister of Foreign Economic Cooperation Wladyslaw Gwiazda chaired a conference of commercial counselors and heads of Polish economic and trade representations abroad. Among the subjects discussed was how to improve promotion of the development of production/capital solutions with foreign countries.

This year 53,270 openings are awaiting candidates in all of the country's colleges, i.e., 630 more than last year. The colleges subordinate to the Ministry of National Education will accept 42,800 candidates, medical academies 6,500, art academies 1,240, and physical education academies 2,400.

The First Olympiad of Economic Knowledge, organized by PTE [Polish Economic Society] and ZHP [Polish Scout Union], has ended. Over 7,500 students from 372 schools participated in it. The 30 best finalists among 94 won the right to enter higher economic schools and the

economic departments of universities without examinations. This Olympiad was won by Jacek Tomaszewski from the 14th LO in Warsaw.

A plant producing satellite antennas in Szczecin, headed by Adolf Bogacki, has gained the status of an innovative unit. New types of antennas have been put into production there twice in the last few months.

The Main Council of NOT has met. The subject of the meeting, in which Prof Zdzislaw Sadowski participated, was the conditions governing the efficient management of industrial enterprises. It was emphasized that engineers and technicians were convinced that the success of the economic reform would be decided by how it was carried out, among other things, in the basic elements of the economy—the enterprises.

A meeting was held at the Planning Commission of representatives from all the parent organizations (ministries and voivodships) turning over and assuming these functions with respect to state enterprises, with the participation of an interagency group established by the president of the Council of Ministers to coordinate this work. The meeting was conducted by the chairman of that group, Minister Stanislaw Gebala.

The Polish Union of Allotment Holders [PZD] has nearly 950,000 members, who cultivate the largest gardening area in the country, including over 42,000 hectares. Over half a million families are still waiting for allotments, even though new gardens are constantly being organized. The Union has taken this task upon itself since 1981. It carries it out through the Fund for the Development of Workers' Allotment Gardens, which, in addition to contributions from the users (25 percent) and plants (45 percent) and subsidies from local budgets (35 percent), also receives a subsidy from the central budget. It constitutes 5-8 percent of the total annual investment outlays. Last year this was 290 million zlotys, while the PZD estimates the value of the work performed to be 3.2 billion zlotys (the plans called for a billion more).

Polish and Soviet specialists have begun work in Donetsk on constructing a new coal combine. The unit, which will be jointly produced in Poland and the USSR, will provide for the extraction of coal from seams 4.5 meters thick, with minimal employment of miners in the front.

9909

Trade, Economic Talks With Ireland
26000429d Warsaw RZECZPOSPOLITA in Polish
13 May 88 p 2

[Brief: "Polish-Irish Cooperation"]

[Text] In Warsaw, the 10th Session of the Polish-Irish Mixed Commission for Economic, Industrial, and Technical Cooperation met. It conducted a comprehensive

review and evaluation of the state of mutual economic cooperation and trade and accented the significance both sides attach to the further intensification of mutual economic relations.

On 12 May 1988 the head of the Irish delegation, John Swift, deputy secretary of the Ministry of Foreign Affairs of Ireland, was received by Wladyslaw Gwiazda, minister for foreign economic cooperation, and by Tadeusz Olechowski, deputy minister of foreign affairs.

13021

FRG Trading Partner Funds Medical Equipment
26000429e Warsaw *RZECZPOSPOLITA* in Polish
4 May 88 p 2

[Text] On the 20th anniversary of cooperation between the Rybex Foreign Trade Partnership from Szczecin with the West German firm Flamingo in Bremerhaven, the Voivodship Combined Hospital in Szczecin received a modern, computerized treadmill for checking cardiovascular capacity. The equipment has tremendous significance in the rehabilitation of patients who have had heart attacks and makes it possible to begin rehabilitation.

13021

Relations With FRG Viewed, Economic Issues Stressed
26000439 Warsaw *ZYCIE GOSPODARCZE* in Polish
No 21, 22 May 88 p 9

Article by Eugeniusz Mozejko: "There Are Architects; Builders Are Lacking")

[Text] From 20 to 22 April Polish and West German journalists discussed the "future of German-Polish relations" at a meeting at the Evangelical Academy in Loccum, the first after a long interval. The initiative for the meeting and steering the discussion to issues of the future no doubt resulted from the conviction that conditions are emerging for expanding contacts and cooperation between the two countries. This is prompted by the favorable international climate as well as the revitalization of official bilateral relations, especially the visit of foreign affairs minister Hans-Dietrich Genscher to Poland in January.

Participants in the meeting, including academy director Hans May and chairman of the Polish delegation, Wilhelm Szewczyk, called for shaking off the burdens of the past and seeking means of cooperation. The most prominent participant from the world of politics, chairman of the German-Polish parliamentary group in the Bundestag, Hans Koschnick, appealed for concluding discussion of the past and considering what we can do together for Europe. His prescription for cooperation was that we should look for opportunities to establish a balance of interests.

This proved to be rather difficult.

The first phase of the discussion threatened to get bogged down in the problems of the past. On the West German side there was no shortage of charges of the demonization of revisionism, oversensitivity over the use of German place name in the western territories, etc. On the Polish side, over the equivocal position on Polish borders and magnification of the problem of minorities.

Prof Georg Strobel of the Higher Technical School in Darmstadt, in a comprehensive report that prefaced the plenary discussion, emphasized the invariably friendly position of his country toward Poland and its economic and financial problems. At the same time he pointed out that Poland has already received billions in credit from the FRG which it has not been able to use efficiently, yet when the crisis erupted, the argument was made in the Polish press that Poland had been intentionally maneuvered into a debt trap. Despite this, the FRG supported Poland in its attempts to restructure the debt. But the FRG did not in return achieve progress in settling the problems important to it.

As was noted later in the discussion, Prof Strobel's report marked a break with tradition in Polish-German meetings, during which the Polish side was usually the one "attacking," while in this case, for the first time the West German side made its points so outstandingly. In any case, the report met with criticism from most of the West German participants, who were dissatisfied with the tone of the speaker's statement, if not the substance itself. The younger participants in the discussion expressed a certain impatience with the fact that past problems still hinder agreement in specific matters that could be the object of cooperation.

Dieter Kastrup, department director at the Ministry of Foreign Affairs in Bonn, presented current issues in relations between Poland and the FRG. He emphasized that the West German government's approach to formulating relations with Poland is no different from that expressed by spokesmen for the public. Moral inspiration (the importance of which director May stressed in particular) plays an important role in this.

The January visit of minister Genscher to Poland was the starting point for joint efforts intended to supplement mutual relations with concrete substance. They cannot be considered only from a narrow, bilateral point of view. "We are posing straightforward questions and we are looking for straightforward answers to them," said director Kastrup, referring to the work of working groups appointed after Genscher's visit. He expressed cautious optimism as to the possibility of negotiating "this year" an agreement on economic and technological cooperation. He asserted that the FRG does not want to permit a technological division of Europe. There is also a possibility of negotiating agreements on environmental protection and opening cultural institutes in both countries. The West German side wishes success in the

reform of the Polish economy and is prepared to offer assistance with this, although "framework conditions" must be established to this end.

Regardless of what the author of that statement would like to include specifically in that concept, it was surely a stipulation directed at the Polish side. Yet director Kastrup left without a response the stipulation, which we raised several times, on normalization of financial and credit relations, which have not yet been fulfilled despite assurances of the FRG's amicable position on our economic problems. And this is surely one of the most important elements of those "framework conditions" for cooperation between the two countries.

This and other appearances made the participants in the discussion at Loccum aware that the bilaterally declared desire to fill out mutual relations with "concrete substance" is causing some difficulties. There is no shortage of traps along the way. For it has turned out that in certain instances even the spelling of place names is becoming not a question of linguistic custom but "German legal positions" that continue to hinder negotiation of agreements between countries or even agreements on cooperation between cities. This questions cropped up again during the negotiation of such an agreement between the governments of Wroclaw and Wiesbaden, and after some agreements on partnerships between cities had already been concluded. For these same reasons, an agreement on opening consulates in Krakow and Hamburg has not yet been negotiated, nor have the agreement on protection of capital investments since, as it turns out, both sides have a different view of who is actually a German.

So although most of those who spoke attempted to bypass the most dangerous reefs of controversial issues, even with the best intentions, they were unable to avoid them in Loccum. It is—simply—impossible.

It was also not easy to identify the areas of possible bilateral cooperation; even harder to specify on what the contribution of both countries in "building the shared house of Europe" would be based, because such challenges reverberated from both the Polish and the German side.

The discussion centered around three areas of issues—political, economic and social relations. In addition to the plenary sessions, the journalists' symposium in Loccum worked in three working groups dealing with these three subjects.

Prof Klaus Schroeder of the Political Institute of the International Foundation for Science and Politics in Ebenhausen, and Tadeusz Zylkowski, president of the Polish Chamber of Foreign Trade [PIHZ], delivered the introduction to the discussion on economic cooperation.

The former devoted a well-documented report to the question of debt—the most important issue from the standpoint of our current interests. He raised a point-blank question: how to "extract" Poland from its indebtedness since it was apparent from statistical analyses that Poland could not do it of its own power.

This is not a problem of bilateral cooperation and it cannot be resolved in a short time. What is needed here is a long term strategy, implemented with the cooperation of creditors. It would be preferable if one of them would serve as coordinator. Negotiations thus far on restructuring Poland's debt have proceeded along two lines: with private banks and, since 1984, with the Parisian Club. In the first instance, it was possible to reach a long term agreement to the year 2003, while negotiations with state creditors are proceeding with resistance.

Experience up to now has shown that restructuring will not solve the problem. The point is to work out a concept that would actually lead to healing the economy. The strategy based on it would have to win the support of the nations of Europe, should concentrate on investment plans crucial to exports and be associated with economic reform. There are many models for solving the debt problem, noted professor Schroder, for Mexico, Brazil and other countries, but there is none for Poland. This model would have to be prepared carefully and conditions for its implementation must also be created.

In the course of the discussion professor Schroder also made critical remarks about the Polish policy up to now. In the 1970s it was believed that importing capital would substitute for reform. The system functioning up to them was frankly anti-export and still today there is no answer to the question of what rolls falls to foreign trade in development of the economy.

Wolf Gunther, department director in the ministry of the economy, responded to the observation of the Polish participants that contrary to the declared desire to help Poland resolve its economic difficulties, the credit policy practiced in reality by the FRG hinders the development of even normal trade (compelling us to paying for the majority of our imports in cash). It was a formal response, far from the perception of real payment situation of our country, so insightfully presented by professor Schroder.

The ministry representative noted that Poland already owes the FRG 10 billion mark, two-thirds of which is government credit or credit guaranteed by the government. Further credit involving the West German taxpayer, in a situation where Poland is not meeting its previously incurred obligations, would be politically impossible for the government. He justified in the same way the withdrawal of guarantees by the "Hermes" insurance association, which are also contingent on specific stipulations. Meanwhile, the Polish debtor has treated

public creditors worse than private ones. In any case, noted W. Gunther, Poland is still receiving West German credits, some 2 or 3 million marks for crafts development.

Remarks by president Tadeusz Zylkowski initiated another thread of discussion in the "economy" group. He talked about the PIHZ's role in promoting Polish exports and the forms of its operation—organizing the circulation of commercial information, the system of personnel training, disseminating information about Polish economic reform abroad. He also described the law on joint ventures and trends in its amendment.

Questions on conditions for investment in Poland, raised by the West German participants in the discussion, showed that this issue has generated many uncertainties. It is worth adding, incidentally, that a later meeting between Polish journalists and representatives of the employers' association—the DIHT—indicated a lack of major interest on their part in capital cooperation with Polish enterprises. As one might infer from the scant comments of the director of DIHT's foreign department, Helmut Gisecke, and his colleagues, this will not be determined so much by statutory regulations as by the general condition of the economy receiving investments.

Industrialists from the FRG invest all over the world—the US, Japan, Korea—and would be prepared to invest in socialist countries as well, but these countries expect that all these manufactured products will then be steered toward export, while the main motive for investing abroad is to open new markets.

As was indicated by the remarks during the discussion in Loccum, there are greater opportunities for cooperation with various centers in the FRG—and for obtaining assistance from them—in the fields of training in management techniques, marketing, organizing markets and university and trade school student exchanges. Hendrik Genth, vice president of the board of the Economics Academy of Schleswig-Holstein, who led the discussion in the "economy" working group, proved to be a great advocate of these kinds of cooperation. He described the experiences of his school in organizing seminars and practicums for Polish participants, its intentions to place greater emphasis on transmitting a bigger store of practical knowledge in the future and he declared his readiness to organize a course for 20 managers from Poland.

Environmental protection was an intensely discussed topic. Unfeigned anxiety over the bad ecological situation in Poland was expressed. At the same time, the participants realized that in the existing economic and payment situation, there is no chance of increasing expenditures for this purpose, especially for importing necessary equipment. Possibilities for cooperation in this area were considered; for example, the notion was raised of whether it would be possible to send to Poland at no charge plans for certain installations that would be

easy to build on our own. Despite existing material and financial limitations, it appears that in this area, the West German side would be inclined to go out of its way to meet Polish needs.

Assessing the fruits of the discussion in Loccum, as well as numerous meetings in Bonn on the future of Polish-West German economic cooperation which we attended later, one must say that they were not, to put it mildly, impressive. I do not mean to say by this that of the participants from the FRG gathered in Loccum there was a shortage of people involved in the development of relations with Poland in all fields or that they lacked a desire to seek concrete opportunities. That would be unfair. But all of us had to realize that the scope of these opportunities is narrowed by the leading problem of Polish debt, which has not found a satisfactory solution. In this matter, the West German side maintained a far reaching reserve.

As far as the "rank and file" participants in the meeting in Loccum are concerned, this is understandable to a certain extent; after all, they have no direct influence on the way our interests are treated by the government and banks of the FRG. On the other hand, official representatives of the government and some institutions said bluntly that the financial "wishes" expressed by Poles are excessive and unrealistic, that there is no point in counting on new credits.

I do not know what specific stipulations were submitted at the official forum in this matter. But it appears that the essence of the issue boils down not to extracting money from the West German taxpayer. Our requirements in this area are simply dictated by Poland's existing, concrete payment situation, and they can be calculated with a pencil.

In recent years Poland has been unable to work out a greater trade surplus than \$1 to \$1.3 billion annually in free currency. There are also no prospects for these capabilities to increase radically in the near future. Yet last year, for example, we allocated \$1.8 billion for debt servicing, which did not cover all our obligations anyway. Even if one assumes optimistically that in the next few years we increase our payments in this area to \$2 to \$2.5 billion, we will still not be in a position to pay our creditors \$4 billion this year (because that is Poland's obligations are estimated to be), and even more in the not too distant future. Further negotiations with public creditors are necessary. These negotiations are proceeding, but—as professor Schroder conceded—with resistance.

Poland must therefore try to reduce its burden on behalf of debt servicing to the realistic capabilities of the economy and guarantee it conditions for further groups. Naturally, this is our job first of all, but the conditions upon which an agreement on restructurization of debt to Western countries will be reached will have an enormous impact on when and at what cost these efforts will

produce results. The support of the FRG, our major creditor, in reaching an agreement meetings these conditions is undoubtedly very necessary.

These are our priorities. If they did not encounter a clear response on the part of our partners in the FRG, it is not because they are obscure; this happens because the priorities of that country are completely different. This was discussed very openly during the discussion in Loccum as well as the meetings in Bonn. From the FRG's point of view, economic cooperation with Poland is not of major importance. The West German side is concerned with achieving progress in those areas of relations that are of concern to the FRG' government and public.

The government's position was presented very clearly at a meeting with journalists in Bonn by Horst Teltschik, director of the Foreign and Domestic Department of Developmental Policy and External Security of the Chancellor's office. While avoiding formation of a juncture, he said that one cannot base mutual relations on only one factor—economic cooperation. Development is necessary in all fields and on all levels, and progress in one depends on progress in another. One cannot talk about mechanical dependence, "but the general computation must balance."

The reasoning of the chancellor's advisor on the goals and strategies of relations with socialist countries, including Poland, constituted an expansion of the point raised in a speech by Helmut Kohl himself, given on 20 January in Tutzing on Bonn's policy "toward our eastern and southern neighbors." In accordance with this statement, the FRG attaches particular significance to establishing good relations with Poland (as with Israel and France) and appreciates their importance for stabilization in Central Europe. At the same time, the chancellor conceded that "in our relationship with Poland, many issues remain open." Both sides have long lists of "wishes" for each other. West Germany's "wishes" for Poland include increasing opportunities for travel and legalization of illegal departures to facilitate the unification of families; undertaking legal cooperation, which the problem of spelling place names should not hinder; regulating the matter of teaching the German language in the schools and conducting services in that language according to the wishes of the population. The chancellor declared himself to be a fervent advocate of youth exchanges on the model of exchanges with France. "Then there would be no question of reciprocity."

Dieter Kastrup, the representative from Bonn's Ministry of Foreign Affairs, added the following "wishes" to those expressed by Chancellor Kohl and somewhat more generally by Teltschik: permission to set a memorial plaque at Auschwitz as a suitable record of the acts of Hitler's opponents in Poland today and an assurance of care for the graves of German soldiers. It might seem that these are merely symbols, but the point is that for both sides

they have different, sometimes contradictory significance. Even the proposal for joint reconstruction of the old town in Elblag, with evidence of its German past as well, must not arouse enthusiasm in Poland.

Without declaring here in what matters and to what extent the Polish side could fulfill West Germany's wishes—this is a matter for official negotiators from both sides—there can be no doubt that none of the agreements concluded can even indirectly call into question the final nature of our western borders or violate the prevailing legal order in Poland, which regulates the lives of all its citizens.

Just as—according to the Horst Teltschik's statement—it is impossible for Bonn to renounce or overlook "German legal positions," it may also prove to be impossible for the Polish government to meet some of Bonn's requirements if they were to mean recouping "Polish legal positions."

As the history of Polish-West German relations proves, despite different legal positions, they can develop with a pragmatic approach to the problems that encumber them and place conditions on progress, and with respect for the interests of both sides. This is a principle that both side can share and promulgate. In spite of this, for some time it has been impossible to get them off dead center. It seems that in the FRG the conviction has prevailed that that country has already done enough to promote economic cooperation and that the time has come to move into other areas. From the Polish point of view, what has the most important meaning today is everything that can contribute to overcoming out payment and economic difficulties, without which it will be hard to imagine the future favorable development not only of all our relations with the FRG but also our share in cooperation on a broader, European scale. The goals of Bonn's officially announced policy toward our country also assume this. But up to now, no practical action has followed.

12776

Foreign Debt Repayment Based on Export Returns Explained

26000428a Warsaw RZECZPOSPOLITA in Polish
10 May 88 p 3

[Interview with Doc Dr Hab Aleksander Legatowicz, member of the Council of State, by Tomasz Bartoszewicz: "Poland's Foreign Debt: How To Get Out of It"; first paragraph is RZECZPOSPOLITA introduction]

[Text] Our foreign debt is one of our chief economic dilemmas. Is there any real possibility of getting out of the debt noose? A RZECZPOSPOLITA reporter put this question to Doc Dr Hab Aleksander Legatowicz, member of the Council of State.

[Question] Recently at the Sejm, you presented a new, interesting proposal for solving our debt problems. Thus, I will ask directly: how do we get out of them?

[Answer] In my opinion, we must first answer the question: how does one get into debt? We must remember that we cannot repeat the mistakes of the past. Thus, we must begin with the fact that debt itself is not something bad, if foreign credits are used effectively. For then one can pay them and still have something for one's own use. For this to happen, the economy must function effectively. Credit principles are adapted to the economic efficiency of the place of origin of the credits. If the borrowers are less efficient, they will have nothing with which to pay and they must continue to borrow. Thus, the initial condition is for Poland to achieve a level of economic efficiency not lower than that of the state from which it borrows. In practice, the prerequisite for this is a successful economic reform. I emphasize the word "successful."

[Question] In other words, you put domestic conditions first.

[Answer] Yes, for if we do not succeed in truly reforming the economy, no solution will make sense. This, obviously, is a domestic condition, our own problem. No one will do this for us.

[Question] Let us assume that we meet this condition. Surely there remain equally important external conditions.

[Answer] Certainly, even if we succeeded in achieving the essential level of economic efficiency, the necessity of servicing the debts gathered over the years will remain a heavy burden. With this in mind, I proposed to the Sejm Commission on Foreign Economic Cooperation a division of our debts into two parts. We must set a date from which we consider them "new." For these new debts, we must take full responsibility on standard terms of financial rationality. If we accepted such a principle, our lenders would know that they can make loans to us without risk. We would be more credible on the international financial markets.

[Question] But in actuality this is what we are doing, and we are servicing first those few loans that we succeeded in obtaining in recent years.

[Answer] Even if this is what is happening, it is essential that this be formulated as our policy. Sometimes one gets the impression that we put all of our creditors into one sack and that we are angry with them because at some time they loaned us money.

[Question] All right. And what do you propose to do then with the "old" debts?

[Answer] This is a problem of arrears that is due to some degree to the fault of both sides. Our creditors were irrational in loaning us too much money. We, however, were irresponsible in accepting these loans and spending the money in a manner not in accord with economic common sense. These arrears should, in my opinion, be resolved on the basis of special principles and a realistic evaluation of the abilities of our economy.

[Question] What do you mean by this?

[Answer] The economy must be productive and in particular export-oriented, for debts are paid from exports. In order to achieve such productivity, two conditions must be met. First, we must have elasticity in ensuring supplies of imports, or among other things, access to new credits. Second, people must produce this effectiveness. They must have an authentic motivation to work. Achieving effectiveness cannot be accomplished at the cost of a drastic reduction in the living standard. If it is, neither we nor our partners will benefit from it. Society must see a way out of the current situation.

[Question] Of what does all this consist?

[Answer] From the point of view of the evaluation of economic ability, there is a certain allowable level for the burden on the economy in servicing our debt. It cannot exceed 20 to 25 percent of the income from exports. We must then assume that for example 10 percent of the income from exports will be earmarked for servicing the "old" debt. On the other hand, we cannot exceed a 10 percent level for servicing new debt to keep from falling in the debt trap again. New credits should be earmarked chiefly for the development of export production.

[Question] How can we make sure this happens? In the past, too, it was said more than once that we are borrowing in order to expand export-oriented capacity.

[Answer] This is precisely a question of an authentic economic reform, without which all actions are condemned to failure in advance. The problem is very urgent. Annually, we pay our creditors about \$2 billion, and we do not have the least benefit from it. The debt is constantly growing because the interest arrears become capital; there is a shortage of convertible currency for imports, and there are no results from exports.

[Question] The measures you propose must, however, be negotiated with the creditors. Is this realistic?

[Answer] From my personal point of view, it "ought" to be realistic. It is a question of achieving rationality from both sides. A unilateral approach leads both sides to ruin, as is the case now. We do not have normal financial cooperation; they instead of money have only increasing records of liabilities. A change in this situation should be in the interest of both sides.

Treasury Chambers Extend Limits on Enterprise Price Hikes

26000428d Warsaw *RZECZPOSPOLITA* in Polish
17 May 88 p 1, 2

[PAP report: "Market Prices: Consumer Protection Period Extended"]

[Text] One of the first decisions made by the government under the extraordinary powers and authorizations was to extend the period during which the treasury chambers can postpone enterprise introductions of their proposed market prices from three to six months.

In the first quarter increases to 55,000 prices were reported to the chambers. It is worth adding, however, that while in February every third proposed increase hovered around 25 percent and only every seventh exceeded 35 percent, in March this structure had undergone a thorough change. Nearly every third application proposed increases of more than 35 percent. In February, the treasury chambers usually "reached agreement" with the enterprises attempting to increase prices excessively, reducing them without having to use the instrument of postponing the increases.

According to the initial data in April, similar decisions were made for every 10th application to increase prices. One sees clearly then that the enterprises preferred with increasing frequency to "risk" postponement of the increase in order after three months to have their way or to introduce the price they had proposed. Extending the period of postponement of the increases should moderate this type of appetite.

There remains, however, the question of the enterprises that have already had prices postponed for three months. Particular decisions in their cases have not been made. But as the PAP reporter learned at the ministry of finance, the producers should rather count on extensions of their already binding three-month postponements of price increases for a further three months.

13021

Financing, Reform Issues of Territorial Self-Rule Discussed

26000436b Warsaw *ZYCIE GOSPODARCZE* in Polish
No 233, 5 Jun 88 pp 1, 3-7

[Round table discussion by Zdzislaw Jagodzinski, member of Warsaw People's Council; Dr Witold Konieczny, adjunct in the Department of Finance Law of the School of Law and Administration at Warsaw University; Dr Hab Michal Kulesza of the Department of Administrative Law of the School of Law and Administration of Warsaw University; Slawomir Marczuk, under secretary of state of the Ministry of Finance; Prof Miroslaw Pietrewicz of the Department of Finance of the Main School for Planning and Statistics in Warsaw; Zbigniew Szmuniowski, deputy voivod in Przemysl; Milosz Wilkanowicz, director of the Office of People's Councils of the Chancellery of the Council of State, lead by Janusz Ostaszewski and Karol Szwarc, prepared for print by Anna Wieczorkowska: "How Much Authority in the Hands of the Councils?"; first paragraph is *ZYCIE*

GOSPODARCZE introduction]

[Text] We do not identify the independence of the councils with their self-financing; we realize, however, that local self-rule cannot be complete, if the councils do not strive to improve their financial situation. In view of the proposed legal provisions, we organized a discussion of the problems of financing the operations of the self-rule and the local authorities and invited the following participants: Zdzislaw Jagodzinski, member of Warsaw People's Council; Dr Witold Konieczny, adjunct in the Department of Finance Law of the School of Law and Administration at Warsaw University; Dr Hab Michal Kulesza of the Department of Administrative Law of the School of Law and Administration of Warsaw University; Slawomir Marczuk, under secretary of state of the Ministry of Finance; Prof Miroslaw Pietrewicz of the Department of Finance of the Main School for Planning and Statistics in Warsaw; Zbigniew Szmuniowski, deputy voivod in Przemysl; Milosz Wilkanowicz, director of the Office of People's Councils of the Chancellery of the Council of State. Janusz Ostaszewski and Karol Szwarc lead the discussion.

[*ZYCIE GOSPODARCZE*] We propose that our discussion concentrate on a few problems.

First, there is no doubt that the people's councils will have to receive subsidies from the budget for a long time. What conditions must we create, however, in order to start self-rule initiative at the local level and make it possible for the councils to improve their financial situation by maximizing their own incomes.

Second, opinions have been expressed that the proposed changes are cosmetic, that they are far from resolving the problems that have gathered over the years. Is this opinion correct? Has the reform of the whole economy been coordinated with a reform of local management? How is financial planning to be coordinated with material planning so that there is no fetish of one of the sides of this unified process? Is the adopted schedule of operations not an overly cautious evolution? Should we not go farther and faster?

Third, will the shift to self-financing not bankrupt the most economically backward regions? What should we do in order to avoid this possible danger, and, simultaneously, how to establish objective criteria for subsidies?

[Milosz Wilkanowicz] To begin with, a few comments on the financial situation of the people's councils. They cover 70 percent of their own expenses with their own income. There is, however, a significant variation in the situation between the budgets of the voivodship people's councils and the councils at the basic level. If the situation of the first is not bad, then half of the people's councils at the basic level cover 50 percent or less of their expenses with their own income. The remainder is financed by subsidies.

This situation is regarded critically, for the people's councils then become subjects seeking subsidies from the central or voivodship budgets. This creates attitudes of the "give" type, instead of motivating the councils to developing their own additional income through economic initiatives which is what we want to stimulate.

This situation also does not produce a sense that the councils' budgets are financially stable, although the system design is not that bad. The current budget law introduced the principle of uniting socio-economic planning with financial planning. In adopting socio-economic plans for the five-year period, the councils simultaneously adopted five-year financial plans, and so adopt the programs for financing the material tasks. This mechanism probably would have brought many benefits in the form of financial guarantees and an element for budget stability, if it were not for inflation. It is inflation and the need associated with it to recalculate budgets that destabilizes the financial situation of the people's councils and produces the annual concern for resources which according to the system rules were to be eliminated.

The philosophy of the changes proposed in the law on the system of people's councils and local self-rule and in the law on budgets aims to limit the range of subsidies and to replace them with new local income. I wish to emphasize limit, for complete elimination of the subsidies is not possible.

There are several reasons for this. First, one cannot imagine the bankruptcy of the people's councils, for that would require closing the schools, hospitals, etc., or all those social institutions whose operations are financed from the council's budgets. Second, the varied development of the gminas, especially the agricultural ones, given the current structure and range of incomes of the people's councils does allow all of them to be self-financing. Third, subsidies are an element that stimulates development and elimination of underdevelopment and neglect in the social and economic infrastructure.

As I have already said, the philosophy of the proposed changes in the system for financing the people's councils aims to limit the subsidies as much as possible, but the range of the subsidies that will remain needs to be established. There is reportedly a system by Prof J. Kaleta, but there are no practical provisions which would make it possible to put the system into use. In the proposed package of changes, there is a provision to delegate to the Council of Ministers to prepare and to establish by decree the principles for determining the size of the subsidies.

Among the proposals presented to the Sejm, some that call for a broadening of the range of the people's council's own income are provisions that should lead to a reduction of the percentage of subsidies in the structure

of the budgets to about 10 percent. Or a reduction of the range of subsidies for the budgets of the people's councils by about half in relations to the current level. It will thus be a noticeable change.

[Slawomir Marczuk] I would like to emphasize the variation in the financial situation of the councils at the voivodship level, too, although the variation is genuinely greater at the basic level. Where voivodships are concerned, for example, the Warsaw Voivodship already covers all its expenses from its own income, the Katowice and Poznan Voivodships draw on subsidy income only to a slight degree. The situation is quite good at present in the Bielsko-Biala, Gdansk, Krakow City, and Lodz Voivodships. But in many voivodships their own incomes do not cover even half of the expenses. The list of these includes Bielsko-Podlaski and the Lomza Voivodships, which cover about 31 percent of their expenses with their own income, and the Chelm, Suwalki, Konin, Przemysl, Zamosc, and Ciechanow Voivodships, which cover from 33 to 46 percent of their expenses.

There is a certain regularity in this variation. Those voivodships which could be called developed and that have an industrial base are better off. But the situation in the agricultural voivodships is significantly worse, and future development of financial self-sufficiency, more difficult.

As far as the budgets of the councils at the basic level are concerned, and we have counted 2,404 of them, nearly half cover 50 percent or less of their expenses with their own income, but in the case of 222 budgets their own incomes exceed expenses for the tasks prescribed in their socio-economic plans. These proportions allow us to judge how slight the chances are for the basic level to achieve a structure in which complete self-financing would occur universally. Is such a structure possible, I think we will return to this question.

I think that the institution of subsidies will continue to function. I wonder only to what degree it would have to function if we attempted to establish any objective criteria. For present, the criteria exist through the provisions of the National Socio-Economic Plan. This means that if the long-term plan calls for the liquidation of the disproportions between regions or voivodships, then the financial administrators attempt to implement the criteria of these tasks.

Practically speaking, the current system operates on these principles. When the plan is created, the budgets are balanced, and the surpluses appear later. Director Wilkanowicz is right when he says that the system would operate correctly if it were not for inflation to which the basic income sources of local governments react, i.e., taxes on wages which rise in proportion with the rate of growth of the wage funds for work and taxes from the non-socialized economy. If, however, we attempted from this point of view to estimate the size and rate of growth of the incomes of the people's councils, we would have to

separate the wheat from the chaff, i.e., show what part of these incomes derives from genuine initiative, efficiency, or the entrepreneurship of the councils and what part of them is a result of inflation.

The proposals for subsidizing the councils' budgets calls for a 5 to 10 percent participation in the income tax of the centrally planned enterprises that operate in the area subject to the council. This is a proper measure primarily because each enterprises operating in a given area should be tied to it, i.e., participate in the expenses for its needs. The people's council, on the other hand, should take care of and watch over those who provide its income and create the best possible conditions for them. Cooperation with the centrally planned enterprises then requires an active attitude on the part of the councils.

However, it is debatable whether the passive, automatic incomes, which the councils receive, should be transferred to them. It is most important to create conditions that encourage the councils to earn increasingly larger incomes thanks to their own efforts. This purpose is served by the decentralization of the enterprises of the central plan to the local plan, which is being implemented in tandem with the changes in the law on the system of people's councils. I realize that it is going slowly, but beginnings can be difficult since even the councils themselves have their fears of taking over the enterprises. In my opinion, this is, however, the basic form on the basis of which the people's councils should be made active economically.

[Zbigniew Szmuniowski] In other words, the people's councils are to provide 85 percent of the resources for covering their needs in the end model of the system, but, and I want to emphasize this, they, practically speaking, have no way of stimulating the development of economic activities. The obstacles here are not financial barriers, but legal and bureaucratic barriers. I have been involved in many reorganizations, and the theoretical opportunities for action by the councils were always significantly greater than the practical ones.

At present, for example, there are 11 items from which the people's councils derive income from units of the socialized sector. Of these 11 items, the council can reduce the tax rate only on one, while the other 10 are fixed. Among the 23 items of various forms of income from the non-socialized sector, the level of 14 is fixed in advance. I mention them because the councils have no influence on the income from these sources. Can the people's council have any influence on the level of employees' income in the socialized sector on the number of employees?!

I do not think that we should transfer all tax authority to the councils. I am aware that the state budget must be interlocked with the local budget, but I am convinced that the interlocking is too strong. If, for example, there is a group of enterprises for which the parent body is the people's council, then the people's council should set the

taxes for these enterprises, including, for example, the tax on wages above the norms. Please do not fear that the council will spoil the enterprises; no council will decapitate its budget. But the ability to create locally conditions for increasing production and so increasing income is essential.

[Michal Kulesza] Everyone here knows what the proposed changes to the Constitution or the law on the system of people's councils and local self-rule are. I wish to say that outside of the financial sphere where the proposed changes, although insufficient, are positive the other innovations are superficial or even steps backward in relation to the current legal provisions. A few examples.

The law on the people's councils includes the formulation that they are to operate "on the principles of a legal person." The question arises: who will be this legal person? The people's council itself cannot be a legal subject as a management body nor the administration which is its executive body. If the Council of State should suspend the people's council or dissolve it or if the voters do it, which can also happen, this would mean that the "entire" subject has been dissolved which is both active and passive and has the right, for example, to borrow and then pay off the loans. The subject then can be the gmina itself of the city itself but not the people's council of the city or gmina. And what does this mean: "on the principles of a legal person"? Crucial changes in the Constitution and in the civil code, not a mere terminological touch up, as proposed in this law, are needed.

Being a legal person also assumes being a separate subject in the financial and legal categories. If this is the case, that would be the end of the current understanding of the state budget which today consists of the central budget and the local budgets. Being a legal person must denote institutional separation of these concepts. For if the councils do not have separate budgets, then they are not financially independent. Thus, perhaps the changes in the financial area have gone in the right direction and far enough, but the whole institutional sphere remains underdeveloped. In other words, we have concessions in favor of financial independence but only that and nothing more.

The next example. If the independence of the people's councils is increased, then, without even looking into the legal regulations, this means that whoever supervises them should have less to say. But in the proposed amendments there is no change in the regulations of the supervision of the people's councils and the local state administration.

The notion of competence of the decentralized local administration in the area of administrative issues is also to be liquidated. The range for voting to accept the accounts is also to be limited. These are only some of the examples of regression from the current provisions, which are in any case quite cautious.

Another example. Our legal system for local government is not separate from the whole legal order. We have a budget law, a law on regional planning, and we have other sector laws. Each of these law is internally coherent and coordinated, but among them there is substantive incoherence.

[Z. Szmuniowski] There are laws, but there is no local economy.

[M. Kulesza] Precisely. The jurisdictional regulations in the law on the people's councils assign important tasks and authority to the councils, but socio-economic planning and the financial system and the sector laws are incongruent with these tasks and authority. The council has, for example, the right to decide about the construction of a school, but some one else has the money for that school. In this situation the authority is meaningless. A couple of years ago, it was said that the councils create "wish-list socio-economic planning," and the members could read in the law that they make decisions about schools, land improvement, etc. But they decided...using money from the voivodship budget.

The mechanism of paying at a higher level for actions undertaken at a lower one is a major mechanism for centralizing management at the local level. In order for the people's council to be able to perform its functions in accord with the law, it should have a relatively large subsidy or have other legally guaranteed income sources and greater freedom in setting expenses.

I am not proposing to give the councils money from the state budget. Simply, we should so construct the subsidy sources so that a reasonably well managed council could normally meet its appointed legal tasks. On the other hand, I am opposed to the method by which the councils get various services for the local area from the enterprises as scraps thrown out the back door. This is a falsification of economic accounting both at the level of the local budget, for we get something either for nothing or too cheaply, and at the level of the enterprise, for it is not a charitable institution, and obviously at the level of the state budget, for it does not recognize needs of the people's councils satisfied informally. In this way, the entire system for coordination, within which the councils extract from the enterprises various material and non-material services for the benefit of the local area are never revealed, causes a falsification of the national accounts and contributes to the building of false attitudes towards planning decisions.

[Zdzislaw Jagodzinski] The budget law is not precise enough and not just enough in its distribution of resources. It does not take into account reality, because, for example, the budget surpluses that the Warsaw Voivodship achieved in 1987 exceeded 21 billion zloty. Of which nearly 16 or 17 billion zloty was at the level of the basic units, and at the voivodship level and the capital-city office, several billion. This resulted from an inappropriate division of budget income. The entire

effort to maintain the city, to finance its infrastructure and city-wide expenses fell on the capital-city budget. The income from development and favorable conditions for the formation of new units, what the reform has managed to generate in spite of everything, was concentrated in a few gminas. Their incomes were so high that they spent only a portion of the resources collected on their own needs. From the point of view of these gminas there is a problem because it does not pay them to collect resources since a significant portion of the surplus must be sent to the budget of the unit at the next higher level. The members say: give us a chance to use what we have gathered through our efforts. But there are gminas that had no income, because, for example, they did not take care to collect it. They say: give us as much as possible from the budget, for we are poor.

This created a situation in which resources flowed between the voivodship budget and the basic unit budgets in both directions. The voivodship budget gave funds to the basic units, and the latter returned funds from other accounts. This is a complicated system of mutual accounting that serves no one.

I am convinced that increasing the budgetary and economic independence of the people's councils at all levels will contribute to better use of their available resources. Responsibility for the decisions made will increase.

The way to stimulate economic life, especially the acceleration of the development of housing construction, lies in the ability to use bank loans to supplement investment resources. The management of budget resources only within the framework of one year is simply too short a time for solving all of the problems I have mentioned.

[Miroslaw Pietrewicz] A proposal to reduce the redistribution of resources between budgets is frequently made by councils at the basic level that have incomes exceeding, as they say, their essential expenses. Can we accept this in the current economic situation? It seems to me that, given the great differences in the capabilities of drawing on their own incomes among particular units at the basic level, resigning from redistribution between levels and in particular of percentages of the incomes from budgets at the lower level is unrealistic. I see neither the chance, the need, nor even the objective ability to resign from such inter-level flows.

I am also not convinced whether it is right to create conditions for the formation of 49 economic policies, by giving the people's councils the right to reduce or increase taxes, as Voivod Szmuniowski said. An exception might be made for the right to give temporary exemptions within defined limits and only for taxes paid to the councils. Economic policy should be uniform throughout Poland.

I would also like to draw attention to the fact that some tax structures do not allow for inflation, which causes a reduction in the real income of the people's councils and

additionally forces changes in subsidy income. Wanting to stabilize the financial situation of the councils, we must also make the tax system appropriately elastic.

[Witold Konieczny] We could discuss separately each of these problems we have mentioned for many hours. We are dealing with a very difficult problem because these political problems are mutually entangled and because the problems have been mystified beginning at the theoretical stage. For more than 40 years, we have been using theoretical thought that in general does not go beyond the 19th century or the beginning of the 20th century. We are beginning to regard a return to a conception of self-rule and a conception of municipal property as a genuine success. We are discovering the advantages of a normal situation, appropriate for another country in another epoch. This reveals the degree of the theoretical mystification of the problem. We do not have a compass that would show the direction for thinking, for this problem is also politically mystified. We know how many of these problems create tension in the purely political sphere, including the actual influence of the councils and their finances on social problems arising at the lowest level, on which the central level and central budget, which deal only with general problems, have no influence or have only indirect influence.

Finally, we are dealing with a problem of mystification at the purely financial level. Please notice that our discussion of finances reduces practically to distributing what we have already. And given the present economic condition of the country, and the high rate of inflation, we have only as many resources as we have and distributing these resources differently will not add to the resources.

I am convinced that the chief financial problem of the people's councils is not a financial problem but a political and economic problem. It reduces to seeking at all costs, and systematically introducing, new income sources for the councils.

And so to what is covered by the political guidelines for entrepreneurship. It makes no difference whether the entrepreneurship is private or socialized. In our situation, all entrepreneurship is good, if it makes it possible to produce new resources. And, in my opinion, extreme fiscal methods, which are politically dominant at present, are not the best way of stimulating entrepreneurship. Discussions of the tax on wages above the norms, just in ZYCIE GOSPODARCZE, have shown clearly that this tax is an inflation generating tax and limits supply.

The second question consists of the whole complex of problems in organizing financial processes. This area is full of inconsistencies and contradictory instructions. The contradictions are in the regulations themselves, but there are also deeper causes than the inconsistencies of the regulations: illegal and unsystematic actions.

Officially, for example, the new budget law decrees full freedom for the councils in the use of budget surpluses. And practice? In 1985 the central authorities raised wages for teachers and did not meet its obligation to provide refunds to the basic level budgets for the wage increases. This forced the people's councils, against their will, to use the budget surpluses for this purpose. This gives rise to the conviction that financial independence is fictional independence; the political losses are greater than the financial benefits.

[S. Marczuk] That is an example from three years ago. It should not be used to judge the current situation. I do not know of similar examples in recent years. The system laid out in the law on people's councils and the budget law is applied systematically and completely.

[W. Konieczny] A problem, which is not considered when we speak of the councils' budgets, is the personnel, who are to implement the conception, for example, of municipal property. There must be a group of specialists who will manage this property, make decisions. And at the gmina level, these decisions can affect several tens of billions of zloty. Thus, at this budget level there should be specialists, combining the skills of a lawyer, a financial specialist, and a budget specialist. Where do you find them? Finances in the gminas at present are often managed by young girls with high school diplomas or individuals trained for a vocation or by individuals with a bureaucratic mentality, but not a manager's. And who is going to carry out, for example, the policy of the tax authorities, if the gminas will be able to set local taxes freely?!

Recently, the columnists have shown an enthusiastic optimism: we will introduce new principles into municipal management, municipal property; everything will finance itself, and finally, things will be okay. But it will not be. There is not an example known in history of a self-sufficient local budget system. This is a structural regularity, independent of the order and of the economic situation. Local budgets will always have greater needs than resources for meeting them. Obviously, there will also be richer and poorer regions, voivodships, gminas. And it will be necessary to subsidize the poorer ones. Thus, the next mystification is that it is possible to create a system that will free the state budget from subsidizing the local level. Subsidize how? That is the great problem; our entire intellectual effort should go in this direction, in order to decide how to establish objective criteria for the subsidies. And here I cannot agree with Minister Marczuk when he says that the plan is such a formal set of criteria for subsidies.

[S. Marczuk] I presented the actual situation.

[W. Konieczny] It is insufficient. In the stage prior to constructing the plan, we must find objective parameters so we can create these financial plans. But today they are frequently the result of negotiating strength. Everyone knows that there are better and worse voivodships.

There is a voivod who comes and says, "If you give me nothing, you know what will happen?" and he gets. But another comes and says, "You know, if you give me nothing," and he gets nothing.

[Z. Szmuniowski] I want to defend the ministry of finance, but not because I work in the administration. The voivods have no reason to go there now. It cannot be a ministry in which someone arranges something; it is to develop a general policy.

[S. Marczuk] But they go there, especially during the consultation of the adjustments to the subsidy incomes. These consultations, I hope, are beneficial to both sides. The reduced interest in these consultations derives, I think, from the limited negotiating done in the consultations. An increasingly systematic observance of the binding principles dominates. We should remember that only the global subsidy income is set at the table during consultation. All the other accounts are only calculative aids. I mention this because the people's councils do not take sufficient advantage of their ability to shape the structure of expenses with the subsidy income. This gives the impression of excessive "stiffness" in the system and is a cause of complaints of "having to put the plan in the pigeonholes." In reality, however, the systemic abilities for shaping the internal structure of the financial plan are not used.

[M. Pietrewicz] It is true that we have no objective ability to insure the councils sufficient incomes of their own. In the countries, I know, this has not been done. It seems to me that this is a crucial claim in reply to many of the proposal made on many sides. This applies, especially, to the budget management of the councils at the basic level. It is a problem that the introduction of municipal property will not solve regardless of the formal and economic difficulties associated with this introduction. There is a need then to look for objective foundations for setting equalizing incomes independently of the form they take. The current proposals for objective measures of the subsidies are not satisfactory, and the research being conducted provides no way of defining such measures. I think that we should study more thoroughly the existing provisions in some countries in Western Europe; I am thinking of Great Britain, France, or Sweden, where a variety of methods are used, and although they are also criticized, they have proven themselves to some degree.

A great deal has been said here about looking for authentic, i.e., incomes of the councils own, as a way of solving the problem. Personally, I think that is a fairly worrying direction of endeavor. Primarily because this direction leads to a deepening of the existing differentiation. Where is income the shortest? Where there is a shortage of income generating economic subjects. That is where we should increase these incomes, and that is where additional income sources are needed most.

Some of you attach hope to the proposed authorization of the councils to borrow funds which is connected to the proposal to make councils legal persons. I want to remind you that the experience of prewar Poland indicates how easy it was to get credits, but later no one knew how to pay them off. In the countries of Western Europe where the right to borrow is used by the local self-governments, it is greatly circumscribed.

[Z. Szmuniowski] I also want to warn against giving the councils excessive borrowing capacity. We should remember that the pressure of needs always exceeds abilities. In my opinion, the major effort must be placed on creating mechanisms that will allow the people's councils to control the growth of production with economic instruments. In the legal and financial provisions of 1972, this issue was not resolved effectively. The councils do not have the parametric mechanisms for stimulating increased production. First, reduce taxes, create greater production, and from the sales draw a greater income to the council's budget. It must be possible to create such a final goal.

[M. Wilkanowicz] The concern that the people's councils have better conditions to develop their own activity was the point of the proposed changes. Are these changes exhaustive and final? Surely not. The proposals presented by the Council of State to the Sejm in the area of financial provisions are to some degree modeled on the overall economic situation of the state. We must be aware that for the councils and local economies, it is impossible to create enclaves of well-being and abundance of resources when the central budget is running a deficit.

It is not true then, as some activists and journalists improperly say, that the councils will receive more resources. Systemic conditions will be created so that the councils can develop such additional resources by undertaking income producing economic initiatives. Being a legal person, which the people's councils will receive as a result of the amendment to the law of 20 July 1983, is to serve this purpose.

The separation of community municipal property will also serve this purpose. Whether the legal person should be associated with the council or with the local society is rather a theoretical problem.

In scholarly discussions, the possibility of transforming the people's councils into local self-governments and eliminating their traits of local organs of state authority has been raised. Political decisions are required for such changes, for they would amount to a change in the position of the people's councils in the order. No such decision has been made, but the 10th PZPR Congress and in the documents from the congress, as well as the congresses of the ZSL and the SD, said that the supervisory position of the people's councils over the local state administration and its control function in this area should be strengthened.

The question arises of the sources of the fascination with the conception of transforming the councils into "pure" local self-governments. For, on the basis of this theory, how could one justify retaining the superiority of the councils over the state administration. There has never been any such structure either in Poland or anywhere else in the world. I am afraid that the adoption of such a conception would not strengthen the people's councils, and to the contrary, it would weaken them by withdrawing their title to directing and controlling the work of the state administration.

[Z. Szmuniowski] We have agreed that in general it is impossible completely to avoid subsidies for the local operations. And since this is so, then it is also impossible for local activists to cease holding out their hand to those above. I cannot imagine a council that would not encourage its chief administrator or voivod to arrange something extra upstairs. And this is also normal.

In our economy a rapid increase in material production is most needed; that is the point of, and idea behind, the reform. On the other hand, in activities of the people's councils, the sphere of material production, which establishes material well-being, is only marginal in relation to the superstructure under the councils—all of education, hospitals, culture, etc. All these things that do not produce goods and only consume them, and we should not forget this fact.

[M. Kulesza] We speak of the complete decentralization model of local authority, it is not in order to propose, as some suggest, compete freedom or anarchy, as one prefers, for some say freedom, and others anarchy. The point is more modest, just decentralization. The point is to create a clear, model system of local management. We know that the gminas and cities are not completely independent and self-governing almost anywhere. They draw from the central or regional pot, objectively and voluntarily, i.e., they hold out their hand to those upstairs. On the other hand, everywhere there is a theoretical, model system of relations between the central authorities and the local authorities which is described in textbooks for students which in practice may not function at all, but which always is the point of reference both in the theory and in the practice of government.

Is the council then to be an organ of the authorities or an organ of self-government? This is the essence of the controversy which has wound its way through the discussions of the people's councils for seven years. In our current legal and political situation, there is still no answer to the question about a model, final system. We do not know, for example, whether to treat the city only as an area appropriate to the actions of local state authorities and other administrative offices or whether it is also an economic body, an economic subject that must be managed. And so, for example, as an enterprise has its director, who is also not completely independent, so the city too must have its "director." The city differs from

the enterprise, Voivod Szmuniowski mentioned this, in that the enterprise operates chiefly in the sphere of production and the city in the sphere of providing services for, and organization of, the collective life. But the principle of the game is exactly the same. It is an economic subject that is both active and passive, that has obligations, and from this point of view, the people's council is more an organ of economic management than a classically understood "organ of state authority in the local area" as it has been in Poland since 1950.

All of us here are fascinated by municipal property. In the literature of the whole interwar period, I found only one important item on municipal property. Why? Because that was not at all a problem for discussion. The city had streets, lands, schools, and that was that. It simply had them. In conjunction with this, no one thought about this problem in theoretical categories: it was a distinct form of property and that was that. The city like the enterprises had certain property which permitted the governing bodies to conduct economic activities to the people's benefit. Today we must finally understand and accept that without control of property it is impossible to govern rationally. Municipal property is a form of social ownership. Ideological difficulties are simply out of place. By returning to it, socialism will not be reduced. The same applies to the position of the people's councils: self-government is a form of socializing government. There is probably nothing bad in this. If so, then we must appropriately shape the system of legal institutions, including the organizational system, and not propose exceptions that are incomprehensible to everyone and, what is worse, ineffective in practice.

A discussion of the enterprises being taken over by the people's councils is underway. In my opinion, however, the goal ought to be a situation in which one deals with enterprises in general. And not with private, cooperative, state, or municipal enterprises, with enterprises subordinated centrally or locally. The enterprise has burdens due to its type of operations; it pays where, what, and who it should, and that is the end of the matter.

When municipal property is actually created, the problem of local enterprises will also be different. It would be a question then not of local state enterprises but of municipal enterprises. Just as today the enterprises are in a sense a derivative of state ownership, so in that case they would be a derivative of municipal ownership. But that is a different issue.

I think that we are constructing such a turgid, complicated system now that we will not be able to operate this apparatus. To simplify it at the level of its basic concepts there must be political clarity concerning the future of the people's councils. This decision is basic to all those that follow. And if one criticizes the current law and the current proposed amendments, then the reservations made derive chiefly from the fact that the basic questions have not been decided and as a result the decisions made are based in fact on the principle: perhaps yes, but....And

this weighs on all the elements of the local system of government. If it concerns the economy, the enterprises, their independence, then some decisions have already been made, for better or worse, but reasonably univocal. In the area of the people's councils there are no such decisions.

[S. Marczuk] I would like to emphasize the fact that we have all already agreed that the subsidizing of local budgets should be treated as a permanent element of the financial system. And also that it is useful and necessary to eliminate the arbitrariness in financial relations between the voivodship and the gmina and between the voivodship and the central budget. We must then, as Mr. Konieczny said, concentrate our intellectual efforts on setting objective criteria for the subsidies. This direction has been reflected in the proposed changes. A directive to the Council of Ministers is included that, in the course of two years, it is to introduce objective measures. This deadline is close, but the work to be done is tremendous. A deeper analysis of the quantities and structure not only of the population but the state of the base, networks, and equipment is needed. Work has already been begun, but we anticipate that it will last a while. I hope that by engaging sizeable efforts and resources, including scholarly efforts, we will be able to finish it. We are counting on the active participation of local activists. We would at least like for them to be partners for discussion.

Social services are a serious problem. Should, for example, a pupil or patient in a hospital, say in Suwalki, have better conditions for schooling than a pupil or patient in Wroclaw?

[W. Konieczny] And why not?

[S. Marczuk] Are we guaranteeing egalitarianism? Or does the state guarantee a particular standard and finance its costs, and the people's council finances everything else, above that standard, from its own resources? I think we must choose a final model, define our goal, and it too is debatable. The proposals contained in the amendments to the law—here too I agree—do not resolve the issues finally. They should, however, mobilize the mentioned entrepreneurship, and they should also ease the conflicts which arise at the various levels, especially those due to the percentage contributions. Two provisions serve to ease them: the income from cooperative enterprises will be located at the basic level, and branch plants of main enterprises will settle their accounts according to their place of operation. Take, for example, Warsaw; the basic level has a surplus of 16 billion zloty and the voivodship has one of 5 billion zloty. This shows how very difficult it is to implement independence and self-financing at the basic level; it shows how difficult the tasks facing the people's councils are.

I wish to say clearly that we systematically observe the integrity of the surpluses; we observe it in spite of the fact that we are aware of the faults of the current system,

its unsuitability for rapid inflation. Council budget surpluses are frequently accidents. They are not associated with effective operations by a council, its energy, initiative. We accept them with the "generosity of an inventory taker," although I must say that I have pangs in my "professional" conscience that this is the case.

Concerning borrowing. I think we must make it possible for local budgets to borrow. This borrowing is, however, limited because it can only be placed under dedicated goals. Messrs. Szmuniowski and Pietrewicz have pointed to a danger associated with council borrowing, associated with the pressure of needs and responsibility. I share to a degree these fears and this is why I support the proposed limitation.

The proposed provisions include the question of making it possible to broaden expenditures from the reserve fund. The idea is to give the councils the ability to make low-interest loans to its own units for development purposes from this fund. I think that these provisions increase the ability of the people's councils to influence the rate, structure, and development of economic activity. Voivod Szmuniowski suggested that we should give the people's councils broader powers to assign tax exemptions in order to stimulate investment, but the people's councils cannot do this because they do not have authority over taxes. In tax policy, in the tax system, there is a system of exemptions. The task of this system is to implement, in accord with the goals of the plan, preferences for particular areas and branches of the economy. The people's councils should act within the framework of this uniform system which assumes a limitation on individual tax exemptions. Tax policy is and should be uniform. This does not mean, however, that we are trying to cut off the people's councils from all tax powers, and especially from influence over their own authentic incomes. This influence should grow within the framework of the institutionalized forms of close cooperation with the treasury chambers. This growth was anticipated in proposing the appropriate changes in the law on the office of the ministry of finance.

[Z. Szmuniowski] The huge finance bureaucracy weighs on the financial condition of the people's councils and in general on our economic system. The budget of each small gmina is so divided that if the rural self-government wants to spend a single zloty, it is not enough for the rural body to pass a resolution, for the bank cashes the check and the bank official asks: was there a plan?

[M. Wilkanowicz] The room for maneuver and free resources are genuinely limited. But replying to what you said, I will give an example from Tarnobrzeg Voivodship, where, for example, given these same regulations on the use of resources by self-governments, a self-government bank was founded. The self-governments passed a resolutions, collected funds, named a board of representatives, and now give each other loans.

[M. Kulesza] And this is the right way of thinking for the people's councils. Slowly, calmly, first a mutual bank, then a union of cities. This is what is truly needed.

[S. Marczuk] There are certain patterns, fixed rules of play, but the current system is supported by the changes proposed. Room remains, however, for flexibility. In other words, we demand, from the central authorities, they further improve the system of operation of the councils and, from those who implement it, that they use the system fully.

13021

Coal Shortages Forecast, Discussed

26000429f Warsaw RZECZPOSPOLITA in Polish
3 May 88 p 2

[Brief: "Conference in Katowice"]

[Text] The shortage of resources and the need to limit the resources for investment in mining will cause a shortage of 8 million tons of coal in Poland as early as 1995. The shortage will reach 18 million tons of hard fuel in the year 2000; even with total resignation from exports, \$400 million and nearly \$1 billion, respectively, will be needed to fill this gap. These problems were discussed at a meeting of the management personnel of the economic enterprises and the mining plants included in the operations of the Hard Coal Community.

Zygmunt Muranski and Manfred Gorywoda participated in the conference.

13021

1987 Agricultural Output, Revenues Spur Controversy

26000444b Warsaw TRYBUNA LUDU in Polish
24 May 88 p 6

[Article by Halina Dowda: "Opening All the Cards"]

[Text] Can we ascribe last year's decline in agricultural production only to unfavorable weather conditions? Where does the influence of the weather end and symptoms of a major breakdown in production begin? Could there be a breakdown right after 5 years of high growth rates? What has been the decisive factor—the weather or economic and structural causes? These questions reflect, in shorthand, the controversy surrounding assessments of last year's performance by agriculture.

As we have reported, the government review of the situation in agriculture in 1987 has been submitted to the Sejm. Thus began the discussion which will end in the Sejm debate.

The report itself has been praised by various groups as straightforward and objective, detailed and carefully prepared¹. It is hard to argue with figures, though the estimates of grain yields have been called into doubt. Assessing the results does give rise to discussion and even controversy.

What Kind of a Year Was 1987?

What kind of a year was 1987? First, about the good points: grain and vegetable harvests went up. Over 26 million tons of grain, 31.1 quintals per hectare—such a harvest and yield occurred for the first time in the history of agriculture. Thus, the gross harvest planned for the year 1990 was exceeded, which was scrupulously noted in the government report and also stressed by Minister [of Agriculture, Forestry and the Food Industries] Stanislaw Zieba at the meeting of the Sejm Commission on Agriculture, Forestry and the Food Industries. He said that the more rapid growth of grain output reinforces the desirable proportion between crop farming and animal husbandry.

As far as the growth rate of outlays is concerned, investment in agriculture and the food industries has finally caught up with that in the economy as a whole; in the food industries, investment grew by 13.6 percent compared to 1986. Plans were exceeded in land reclamation and water supply projects in rural areas. Over one-half of the farms use their own or communal water mains. Some say as much as one-half, others say merely one-half.

Foreign trade in agricultural commodities and food is picking up. In view of the horticultural disaster, even reaching, let alone topping, the 1986 performance was not expected. Yet, the positive balance of trade in agricultural commodities and food increased, despite greater imports of grain, fodder and insecticides. Agriculture increased its contribution to [total] exports to 12.5 percent.

Some improvement was also noted in the supply of the means of production. For example, fertilizer consumption increased to 192.1 kilograms of active ingredient per hectare. However, the deliveries of the means of production still "fall far short of the needs and demand;" there were strains in the supply of coal and fuel, says the report. The deputies painted a dramatic picture of the spare parts supply.

Among the negatives of 1987, Prof Boleslaw Struzek mentioned in the first place the decline in fruit and root crop production. The fruit crop was 62 percent lower than in 1986 and more than 50 percent below the average for the past several years.

"The insufficient speed in developing the chemical and machinebuilding industries is perhaps the weakest link in agriculture and the food industry, and it poses the greatest threat," stated Prof Jozef Okuniewski. "The share of both industries in investment to agriculture and

the food industries is declining. In 1983 to 1985, it amounted to 15 zlotys out of every 100 zlotys invested, whereas last year—only 10 zlotys. The effort to develop these industries resembles a rain dance."

Said deputy Alojzy Nowicki: "It is difficult to expect such an acceleration in the development of the fertilizer industry that it will be able to meet the delivery targets for fertilizer in 1990. Protracted and inefficient—this is how the NIK [Supreme Chamber of Control] described investment projects in the tractor industry."

"A disparity between the income of farmers and of employees of the socialized sector deteriorated, profitability of production declined, and the development of animal husbandry gives no cause for optimism," Prof Struzek enumerated further negatives of 1987 in almost a single breath.

Said Prof Eugeniusz Gorzelak: "It would be very nice if a decline in the herd of hogs turned out to be temporary, as the government report suggests." During the proceedings of the Sejm commission, deputy Walenty L. Mackowiak said: "The herd of cows declined alarmingly. The lack of interest in animal husbandry is due to the low profitability of milk production and unfavorable price ratios."

The government report says: "The decline in animal husbandry production is due to different considerations and causes than that in crop production. It is largely of a structural nature; it is a result of processes mounting over a longer period of time."

As specialists maintain, interest in growing sugar beets is declining for the same structural reasons. Difficult work and poor mechanization are the common factors. The logic of this reasoning is not borne out when applied to growing vegetables—also labor intensive, difficult and poorly mechanized. However, the production of vegetables has been increasing steadily. In view of this, where are we to look for causes of last year's decline in production?

Neither Fanfare Nor a Breakdown

Looking at it in May 1988, we can use facts instead of some of the question marks. First, the March census of cattle showed a seasonal (as the GUS [Main Statistical Administration] calls it) growth of the herd. At that time in the previous 2 years, a decline was registered (0.9 and 0.7 percent) in the herd of hogs, whereas this spring—a small increase (0.4 percent). This is indicative of an upward trend in production now, say specialists from the Ministry of Agriculture.

Seasonal growth in the cattle herd came to 1.2 percent, and the year before—to 0.3 percent. "The rate of decline in the cow herd dropped a little in the successive quarters of 1987," states the government report. This assessment

is also valid for the first quarter of this year. Interestingly, free-market prices of dry cows on occasion reach as high as half a million zlotys. Prices of all cattle for finishing are high; they have grown much faster than prices of grains and, in general, of agricultural products. This also shows what the interests of farmers are.

Second, there is contracting. Contracts for second quarter deliveries cover a greater amount of porkers than a year ago. Despite a considerable drop in contract purchasing in the initial months, township cooperatives have contracted for the delivery of 5.2 million porkers, or 96.2 percent of last year's amount, over the entire half-year. Contracts for cattle come up to 99.7 percent.

Third, there is slaughter cattle procurement. Until early May, it was lower than a year ago: in the first quarter, 2.4 percent lower, in April—2.6 percent. Something of a new development—there were fewer animals, but more slaughter cattle. This is not due to magic, but to an increase in the weight of head delivered. Milk procurement between January and April grew by 4.3 percent, whereas last year the growth was 1 percent.

This is no time for fanfare, but the statement on the impasse and collapse in animal husbandry is not borne out. As far as crop production is concerned, township cooperatives have signed contracts for almost 3.9 million tons of grain, i.e. more than a year ago, and more than was planned for this year. In the course of the so-called specification of contracts (before the end of May), still more grain is coming. Sugar refineries have contracted for the planned amounts of sugar beets.

Three Groups of Causes

If we want to properly attribute last year's drop in production and worsening financial and economic performance of agriculture, it is good to know these facts. The sensitivity of the subject matter itself and of the assessments is exceptional under the current circumstances. Agriculture is moving ahead, and production trends are better known today than they were yesterday, and they show the production interests of farmers.

This is all muddle and confusion, a reader might say: agricultural production is falling, downright collapsing, but the foodstuffs market is standing up even to the pressure of intensified purchases prior to [price] raises. The preharvest period did not turn out to be a hungry time either. I refer to the experience of consumers, in order not to startle the reader with quotations on an improvement in market supply from the government report. We cannot leave out this practical test of the agricultural situation when evaluating the year 1987.

The more inquisitive ones will point to consumption as a rational solution to this riddle: the per capita consumption of meat grew by 0.3 kilograms to 66.3 kilograms, of

vegetable oil—by 0.7 kilograms, of sugar and derivatives—by 5 kilograms, whereas consumption of flour, milk, eggs, fish, animal fat, fruit and processed fruit and potatoes declined.

Only the decrease in fruit consumption is a direct consequence of the horticultural disaster. The decrease in potato consumption had nothing to do with the smaller yields; only a small part of the crop goes to the consumer market. The deliveries of milk, and even the deliveries of ripe cheese, falling short of demand, were greater last year than in 1986. To be sure, butter and ripe cheese were imported.

The consumer felt the decline in production less than the farmers; the logic appears to be faulty. The commodity product of agriculture declined less than the final and net product. The report refers to the reserves accumulated in good years, in these 5 years of high growth rates of production. The report states that a worse year did not upset the production equilibrium of agriculture. The drop in production "owes to three groups of factors of different nature. These were natural phenomena, a shortage of the means of production and structural phenomena..."

Thinking Logically

The argument about what is a structural cause and what is the result of economics is by no means an academic one, initiated by the government report. At issue are economic ratios. Fact-finding proceedings about last year's increase in procurement prices are still underway in courts.

This makes the following statement all the more surprising: "the ratios between procurement prices for agricultural commodities and prices for the means of current production were more favorable in 1987 than in previous years." More favorable means a 26-percent increase in the average price of agricultural products sold and consumed by farmers (self-supply also counts) and a 24.8-percent increase in the average price of the goods and services purchased.

The reliability of the calculations was not questioned in the subsequent discussion. It was even admitted that the ratios were more favorable than before. However, there was one reservation: these ratios are not what they should be, because in 1986 the income of private and state farms also fell. That is true, but the years were different: in 1986, production went up, and in 1987 it fell.

The final gross product in 1987 was 5 percent smaller than in the previous year, the net product—12.3 percent smaller². In plain language: the final gross product is products for the market, eventually for exports, whereas the net product reflects the proceeds of agriculture.

Thinking logically, a drop in production entails a decline in proceeds. This time around, however, this does not explain everything. We should add that material-intensiveness grew by 9.8 percent compared to 1986³. The need to economize was the result of shortfalls in supply; therefore, say, an increase in fertilizer use, after a decline in previous years, cannot give rise to concern.

More significant is a drop in social labor productivity, which, combined with the growth of material-intensiveness, amounts to a decline in the overall efficiency of agricultural production. Let us note: production grew smaller, social productivity of labor and efficiency dropped. This is happening for the first time, because in the previous years the growth rates were quite high. A deterioration in the income situation, says the report, is of a different origin than in previous years. Its main cause is the decline in agricultural production.

In discussion, they customarily use the notion of income parity. In the government report, they take as the reference point the income allocated for consumption and non-productive investment per one person employed full-time on a non-socialized or state farm. It is estimated that, simplifying the terminology, the income of a farmer amounted to 310,000 zlotys last year, and was 35,500 zlotys, or 12.9 percent, higher than in 1986.

If They Had Been Kept Within Bounds

Had the remunerations in the socialized sector been kept within the bounds planned, 14.8 percent... This argument appears to be funny. Yet, we cannot laugh away one of the significant causes of the exacerbating disparity in incomes in disfavor of farmers—if not the most important one, as quite a few economists maintain—if we soberly consider all price and income nuances. Our fresh experience calls for raising the issue in this manner.

The determination of what is the cause and the effect is different for the case of disparity being exacerbated by above-the-plan growth of remunerations outside agriculture and for the case when the disparity originates in agriculture itself. This is not just the issue of economic ratios, but also of the intent and credibility of agricultural policy.

The income parity in rural and urban areas is too emotional an issue for us to leave any "blank spots." One piece of information has become commonly known: the incomes of farmers and employees of the socialized sector relate as 84 to 100. The report contains more data. For example, it says that, on the average, in 1985 through 1987 the ratio was 88 to 100. Also, the ratios were cited for "farmer households."

When the income parity was only becoming a familiar notion, they talked about purely agricultural farms as distinguished from dual-occupation [part-time] farms, the main source of income being the criterion for classification. The purely agricultural farms enjoyed higher

income and more favorable ratios. Information in the report confirms this rule: "farmers households" retained the 100 to 100 ratio of incomes in 1987, and over the 3 years it was 101 to 100.

For the first time, state farms were also presented from the parity point of view. They are also below 100, but by merely 3 points. The average monthly wage amounted to 28,400 zlotys.

Laying out all the cards is important in forming one's opinion of agricultural income. Your field of vision broadens, and different opinions come to the fore. Even if you do not completely agree with those who ascribe the deterioration in the income situation to the decline in production or above-the-plan remunerations outside of agriculture, such reasoning cannot be dismissed outright. In this context, price ratios become normal. After all, on occasion, and maybe too often, they appear to be a panacea for all that hurts agriculture.

A rational appraisal of agricultural income cannot leave out social productivity of labor and efficiency of production. The reason is that these are the main slogans of the reform; but also there are no economic ratios "so favorable" that incomes of farmers grow without an increase in production, labor productivity and efficiency. This is true of incomes not only of farmers, but of all those employed in the economy.

Footnotes

1. In keeping with a tradition of several years, the government report is discussed in various advisory groups. In this article, I refer to the opinions expressed during the proceedings of the Sejm Commission on Agriculture, Forestry and the Food Industries and the Presidium of the Council for Agriculture and the Food Industries and its Commission for socio-professional affairs and cooperative organizations of farmers.

2. Final and net product are calculated in constant prices.

3. The ratio of material outlays to commodity product calculated in constant prices.

9761

Academic Session on Shipbuilding Issues

26000429c Warsaw RZECZPOSPOLITA in Polish
13 May 88 p 2

[Brief: Shipbuilding From the Perspective of the 21st Century"]

[Text] The problems of ship technology from the perspective of the 21st century was the subject of a national Polish scientific conference in Gdansk that ended on 12 May 1988. The conference made a broad review of

research, design, and technological problems in the shipbuilding industry in Poland and in the world and presented the achievements of Polish scientific and technical centers against this background. It also examined the economic problems of Polish shipbuilding. It noted, among other things, that the prerequisites for its effectiveness is, on the one hand, a more complete use of the production capacity of the shipyards, and on the other, keeping up with world standards in technical advancement.

In recent years a gap has appeared between science and practice. In the shipyards and cooperating plants, the rate of implementation of technical advances has slackened, and contacts between shipyards and research institutes, including the personnel of design and planning offices and technological offices, have loosened.

The key technical problems for the future of shipbuilding, it was said during the conference, are the introduction of computer technology and technological processes and organization problems in the construction of ships and in those ships already in use.

13021

Amendments to Law on Factory Wage System Discussed

26000429b Warsaw TRYBUNA LUDU in Polish
6 May 1988 p 5

[PAP report: "Work on Amending the Law on Plant Wage Systems"]

[Text] On 5 May 1988 the subcommission examining the proposed amendments to the law on the principles for the creation of plant wage systems, which consists of four members of the Sejm commission, met.

The mentioned amendment is to transfer many of the rights to set wages directly to the enterprises who secure the resources for this purpose in accord with the principle of self-finance.

The proposed law makes it possible, within the framework of the wage agreement, for the enterprise to set the principles for remunerating workers and to establish qualifications, wage tables, and rules and criteria for bonuses. It also worth emphasizing that the mentioned proposal calls for the enterprise to set, within the wage agreements, among other things the following: supplements for overtime, for night work, and for work in conditions damaging to health; retirement ceremonies; and seniority bonuses and anniversary awards. It also calls for seniority bonuses and anniversary awards by an enterprise to be coordinated with the current particular rates of the individual worker's position. This rule, however, in accord with the proposal, is to apply only during the period of work in the plant paying the

seniority bonus or anniversary award. For work in previous plants it is proposed that the current principles for calculating seniority bonuses and anniversary awards be retained.

On 5 May 1988, the subcommission examined a significant part of the mentioned proposed law and will continue its work this month.

13021

TU, Labor Ministry Discuss Wage System in Light Industry

26000429a Warsaw TRYBUNA LUDU in Polish
6 May 88 p 5

[PAP report: "Talks on the Wage System in Light Industry Under Way"]

[Text] Lodz—On 5 May 1988 in Lodz at the Federation of the Independent, Self-Governing Trade Union of Light Industry Workers, a press conference was held at which Zbigniew Kaniewski, the deputy chairman of the federation, reported on the talks with the Ministries of Industry, of Labor and Social Policy, and of Finance on the design of a new wage system to improve the wage situation of workers in light industry, on the modernization and restructuring, and on insuring systematic supplies of raw materials and materials.

The proposals presented were earlier consulted with the trade unionists of many textile mills in Poland and received a favorable evaluation from the ministries concerned. It was agreed that the talks will resume on 11 May 1988 and specific decisions will be made to improve the wage situation of the workers in light industry.

13021

Domestic Market Ministry on New Rules Governing Agents

26000444a Warsaw RZECZPOSPOLITA in Polish
30 May 88 p 2

[Article by (kraj): "Waiting for Agents"]

[Text] So far, everyone is waiting. Enterprises are waiting for agents, agents are waiting for the situation to finally settle, and customers are waiting for a perceptible improvement in the work of retail trade.

It turns out that those will also have to wait who expected an instant run on leasing shops, and service and food businesses after a series of far-reaching financial and legal modifications affecting agents this year. To date—the new system has been in effect for 2 months now—the situation remains unchanged. That is to say, the number of candidates for agents has not specially increased, and the "pattern" of interest only in certain operations has lingered. While there is not the slightest

problem in leasing hardware stores, candy and florist shops, with 5 to 8 candidates competing for one business, the leasing of grocery stores is running into tremendous difficulties. Here is a characteristic thing: even if there is a candidate for agent, residents are by and large against leasing the shop. Unfortunately, the customers' fear that a grocery store will be transformed into a luxury delicatessen turns out to be stronger than all the assurances and guarantees given.

However, this year can undoubtedly see a turnaround in leasing provided it is "played out" properly. Changes in the regulations are profound, and the new guidelines introduced often create better conditions for agents than for retail trade enterprises. Among other things, the law on the conditions of agency contracts and leases between socialized economy units and natural persons was amended in March; signing contracts on operating shops, service and food businesses, hotels and campgrounds with private persons was made considerably easier in April. Also in April, the minister of finance significantly amended and simplified all regulations on operations and settlements with agents, introducing important financial and tax facilities.

The advantages of the new system were discussed at length on 27 May at the press conference at the Ministry of Domestic Trade. A considerable expansion of the spheres of economic activity in which units of the socialized sector may empower private individuals to operate businesses should be viewed as one of the most important changes.

It is now possible to lease businesses where up to 50 persons are employed, and in justified cases even 250. The latter case occurs at, say, "Hortex" businesses. The scope of investment freedom by the agents has been broadened. Also, more autonomy is given in setting the rate of commissions, contractual reimbursement, and so on. Most importantly, however, the agents were exempted by the minister of finance from the duty to maintain tax, trade, stock and materials delivery books. From 1 April, only one proceeds-and-expenditures book is mandatory; reporting of sales is restricted to one entry at the end of the day. Tax loads were also arranged more favorably.

Though somewhat "trimmed," the lease "rose" is still prickly nonetheless. This is due to life as it is, the practice of "private" contacts with state suppliers and the interpretation of the regulations. Thus, it turns out that, unlike a socialized sector unit, an agent cannot buy anything on credit, but only for cash. When signing a contract, the supplier often demands of the agent that it be signed by the chairman of the "Spolem" [Consumers' Cooperative] division which leased the shop and even the director of the trade department [in the city office]. Otherwise, the agent will not receive the milk or cheese he ordered. Most dairy plants and industrial enterprises introduced high warranties for agents. A candidate for agent also must get over a high financial barrier at the

moment of taking over the shop. Unfortunately, the data suggest that leases are not an opportunity for young people even if quite a few of them get together. The recognizance required by trade enterprises often amounts to tens of millions zlotys (30 to 70), and then in cash rather than promissory notes and warranties. If we add to this the cash reserves needed for the necessary purchase of stock, we see that only serious millionaires have access to our trade.

At present, however, it appears that overcoming social mistrust is the most important issue for the development of leasing. "How long is the current system going to be in effect?" is the question the directors of trade departments have to answer most often. A representative of the Ministry of Domestic Trade who was asked about it responded that nobody knew. It appears that such statements do not facilitate the restoration of the leasing system undertaken on a broad scale. Let us recall: last year, the number of leased businesses reached only 61,000, or as many as we had in 1986, which was not at all a record breaking year for leasing.

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Sejm Amendments on Price Law Described as 'Cosmetic'

26000441a Warsaw ZYCIE GOSPODARCZE in Polish No 23, 5 Jun 88 p 15

[Article by [T.J.]: "In the Sejm—Prices"]

[Text] With 6 abstaining votes, the Sejm passed an update on the pricing law. During both its first reading on 10 March and during present meetings, there has been no discussion of the bill although the law is part of the basic package of reform laws and the proposed changes have aroused many substantial doubts (see ZYCIE GOSPODARCZE No 12/1988).

Most of the controversial portions of the bill were left intact. Despite the fact that the bill remained in committee for more than two months, most of the changes that were made are more cosmetic in nature. One really fundamental change was the deputies' rejection of proposals to divert into the state budget business margins on luxury goods. This idea was also opposed by the Socio-Economic Council as well as the advisers group although both offered different arguments of their own.

The advisers' group only stated that there is no need to introduce another channel for calculating the budget. The council, however, worded its objections more strongly, saying that "this proposal violates the principles of economic reform". The extraordinary commission set up on 10 February to monitor the implementation of economic reform used this theme in its own pricing update bill which was never even reviewed. During recent debate over the bill for a law on special

powers (see ZYCIE GOSPODARCZE, No 20/1988), Deputy Jerzy Uzieblo stated that they finally "activate the work" of this commission.

The second important change introduced by deputies was rejection of a government proposition to give the domestic trade minister the right to add obligatory fees to prices for tourist services provided by foreign businessmen so that the revenue raised by these fees go into a central tourism and vacation fund. The Socio-Economic Council again showed its insight when it stated that this provision would be discriminatory and violate Poland's international agreements.

The Chamber accepted the government's proposals on the other controversial points of the law. One of these was approval of a plan to divest the Sejm of its power to set official price lists for goods and services. At the present time, this price list is managed by the Council of Ministers. Recommending this proposal, Deputy Z. Kubik said that "since the government is responsible for all pricing policies and directly establishes those policies by setting official prices or indirectly by using other means to influence contractual prices and reports to the Sejm on these affairs, it should also be able to say how official prices are to be used and to what extent". However, there is no sign of the Sejm having lost any important means of affecting the state's social and economic policy because official prices have from the very start been intended as a means of protecting the public standard of living and of controlling subsidies.

One of the specific complaints against the update of the law is that the extraordinary commission did not consider the fact that this bill uses the term of "outstandingly high contractual price" which was not part of the original February 1982 pricing law. Therefore, it was shocking that the reporting deputy stated that "this update is the logical continuation of principles adopted in the 1981 'Directions for economic reform' and is aimed at further improving pricing to meet the needs of the second stage of reform".

The category of outstandingly high official price contradicts the philosophy of reform and greater market self-regulation as proclaimed in the program for realization of the second stage of reform. This is because it means arbitrary (lacking criteria) government interference in pricing and a more contractual nature of sales and purchase transactions. The other weakness in the institution of official prices is the law's provision that contractual prices can be subsidized. In spite of its doubts, the commission recognized that "the creation of possibilities for subsidizing contractual prices is not a renunciation of reform because the government intends to use these subsidies only when needed," assured Deputy Z. Kubik.

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